SEPTEMBER 2019

INVESTING IN A BETTER WORLD:

Understanding the UK public's demand for opportunities to invest in the Sustainable Development Goals

HM Government

UK aid from the British people

Contents

Acknowledgments

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Acronyms

AIFMD	Alternative Investment Fund Managers Directive
AIS	Actis Impact Score
AUA	Assets under administration
AUM	Assets under management
BSI	British Standards Institute
CFA	Chartered Financial Analyst
CHRB	The Corporate Human Rights Benchmark
DCMS	UK Department for Digital, Culture, Media & Sport
DFID	UK Department for International Development
EOS	Equity ownership services
ESMA	European Securities and Markets Authority
EU	European Union
EUROSIF	European Sustainable Investment Forum
ESG	Environmental, social and governance
ETF	Exchange-traded funds
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
GDP	Gross domestic product
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
IFC	International Finance Corporation
IMP	Impact Management Project
ISA	Individual Savings Account
LGIM	Legal and General Investment Management
MiFID	Markets in Financial Instruments Directive
NEST	National Employment Savings Trust
PRA	Prudential Regulation Authority
SDGs	Sustainable Development Goals (also known as Global Goals)
SIP	Statement of Investment Principles
SIPP	Self Invested Personal Pension
SRI	Socially responsible investment
TCFD	Task force on Climate-related Financial Disclosure
TPR	The Pensions Regulator
UCITS	Undertakings for the Collective Investment in Transferable Securities
UKSIF	The United Kingdom Sustainable Investment and Finance Association
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UN PRI	United National Principles for Responsible Investment
WBA	World Benchmarking Alliance

Ministerial foreword

The UK has a proud record of playing its part to tackle extreme poverty and mitigate the effects of climate change, two of the world's biggest challenges. The UK leads on the global stage, through our commitments to spending 0.7% of our Gross National Income on international aid and to achieving net zero carbon emissions by 2050.

The Sustainable Development Goals (SDGs) are a rallying call for all of us to do more - governments, industry, civil society, and individuals too. But to achieve the SDGs in developing countries by 2030, we need an additional $2.5 trillion each year. With official global aid amounting to under $150 billion, we cannot reach this without other funders. But if only 1% of the assets under management in the City of London were invested in Africa, this would be more than double global aid flows to the continent. It is a personal priority for me and for my department to get private finance to where it matters, building critical infrastructure, climate resilience, and growing economies to move beyond aid.

The Department for International Development's (DFID's) Investing in a Better World project set out to better understand what the UK public wants from their savings and investments. Working with PwC, we conducted the largest and most comprehensive public opinion survey on sustainable investment to date. The message we heard was clear: people in the UK care about the impact of their investments on people and planet, alongside financial performance.

This is a call to action for the financial services industry to meet this demand. The sustainable investing market is growing rapidly, but the industry needs to rise to the challenge to meet demand from people wanting to invest in line with their values.

DFID is ready to play its part. Last month, I announced plans for the International Infrastructure Commission, bringing together experts to explore how we can improve the delivery of much-needed infrastructure, which will protect people from the effects of climate change.

The UK is taking the lead by already working with the Bank of England, the City of London and the London Stock Exchange Group to strengthen local financial markets, develop new products and make it easier for companies in Africa and Asia to attract investment. This will build on and strengthen London's position as a global finance hub. For example, the Indian rupee-denominated masala bond market has raised £6bn in London to date, allowing businesses in India to access the finance they need to sustainably grow the economy and create jobs.

At next year's UK-Africa Investment Summit, we will convene government and business leaders to mobilise investment that can positively impact people and the planet, as well as deliver returns for investors.

We must all do more. I hope to see other countries following the UK's example and engaging with their own citizens to understand how they might like their savings and investments to be used to contribute to the SDGs.

ALOK SHARMA
Secretary of State for International Development

Executive Summary

Executive Summary

There is an urgent need to create more economic opportunities for people around the world. Over the next decade, more than a billion young people will be joining the job market, mostly in Africa and Asia.[1] At the same time, the planet is getting warmer and biodiversity is under stress, threatening the livelihoods of millions. Driving global economic development that is sustainable and inclusive is more important than ever.

In 2015, the United Nations (UN) convened world leaders and agreed 17 Global Goals for Sustainable Development. The Sustainable Development Goals (SDGs) provide a blueprint to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. But it is estimated that an additional $2.5 trillion is needed each year to achieve the SDGs in developing countries alone by 2030.[2] New sources of capital must be found to achieve the SDGs and ensure we leave no one behind.

Everyday savings and investments could make a difference

The majority of people in the UK have savings accounts and pension plans.[3] Most of this money ends up being invested in large, publicly-listed companies, either in the form of shares (equity) or loans (bonds).

These companies can help tackle global challenges through the goods and services they provide, such as by building infrastructure to provide access to clean water. They can also positively affect social and environmental issues in the way they operate, for example, by using natural resources more sustainably or by providing jobs with decent and fair pay.

However, companies can also cause harm, such as by employing people in unfair and unsafe working conditions, releasing toxic waste into water sources, or causing emissions that contribute to climate change. Some of the most extreme effects of irresponsible business practices are felt in developing countries, where infrastructure and legal protections tend to be weaker, and people are more vulnerable to the effects of climate change.

As advisers to the public, and custodians of their money, the financial sector has great influence over whether a person's money is invested in ways that help build a sustainable future.

Research shows that UK customers want their money to make a profit and a positive impact

The Investing in a Better World initiative was established by DFID to understand whether people in the UK want to invest their money in ways that help to achieve the SDGs

This involved conducting research into the UK public's attitudes to sustainable investing, including investing into developing countries. The survey sample was over 6,000 people, which included a nationally representative sample of 5,123 members of the UK public, supplemented by a booster sample of an additional 1,018 people with over £25,000 investable assets.

Broader consultation with over 2,000 people took place through public feedback forms and public events. A range of stakeholders and members of the investment industry were consulted through five roundtables and 44 interviews, to contextualise the public outreach findings.[4]

The results show that, when presented with a choice, most people in the UK would prefer their investments to consider impact on people and the planet, alongside financial considerations. In other words, most people want to invest in a better world. This is particularly clear among those with investable assets over £25,000. High levels of interest are also found among 'millennials', those aged between 18-39.

The financial sector is responding to this demand. More opportunities to invest sustainably are becoming available to consumers than ever before. Yet only 13% of people say they have currently made a sustainable investment. Overall, people find accessing, understanding and comparing sustainable savings and investment options difficult.

These results represent a call to arms for the financial sector. It is critical for it to meet customer demand.

This report aims to provide advisers, investment managers and policymakers with clear and objective data on the public's views regarding the importance of sustainability considerations in investment choices. It presents evidence on the barriers that the UK public say they face to allocating money towards making a positive difference. It also explores the factors that people say would make them more likely to invest sustainably.

Sustainable investing can happen across the 'Spectrum of Capital'

Many terms are used to talk about different types of investment that aim to limit harm caused by companies or support positive outcomes created by companies. Socially responsible investing (SRI), environmental, social and governance (ESG)-integrated investing, responsible investing, green finance, impact investing and ethical investing are some of these.

This report uses the term "sustainable investing" to describe the broad range of investment practices that consider impact on people and the planet alongside financial performance. This is intentionally broad and includes practices that both seek to avoid causing harm as well as those that seek to benefit stakeholders and actively contribute to solutions (see Figure 1). Where findings are specific to a particular approach, they will be defined within this spectrum.

1 Economic Development Strategy: Prosperity, Poverty and Meeting Global Challenges, Department for International Development, January 2017.
2 World Investment Report, UNCTAD, 2014.
3 72% of people in the UK have a savings product and 29% have an investment product, see The Financial Lives of Consumers across the UK, Financial Conduct Authority, 2017, p. 48
4 Listed in Annex.

The UK public want their investments to reflect their values

Key survey findings

1 Most people say they want their investments to avoid harm and do good for people and the planet
3 in 5 people believe that financial institutions should avoid investing in companies that harm people or the planet. 30% say that they do not think businesses apply the same ethical and environmental standards in poor countries as they do in more developed countries. Over 70% of people say they want their own investments to avoid harm and achieve good for people and the planet.

2 Most people say knowing that their investments made a positive difference would motivate them to save more
The majority of people (52%) say that they would be motivated to save more if they knew their savings and investments made a positive difference in the world. This rises to 60% for those with investable assets over £25,000, and to 67% for millennials.

3 Most people say they are interested in sustainable investing and would choose to make their investments sustainable if they could
56% say they are interested in making a sustainable investment now or in the future. This rises to 74% for those with investable assets over £25,000 and to 71% for millennials. 68% say that they would tick a box to indicate they would like their investment to be sustainable if given the choice to do so. This rises to 77% for those with assets over £25,000. However, only 13% say that they currently hold a sustainable investment.

4 Most people want their pensions to be sustainable and reflect their values
57% of people say that they are interested in learning about what impact their pension has on the world, and 56% say that they would opt for a fully or partially sustainable pension, if given the choice. 47% of people would want their pension switched if they found out that it was invested in a way that went against their values, rising to 52% for those with assets over £25,000.

5 More information about sustainable investment opportunities is needed
58% say that having more information about sustainable investments would make them more likely to invest in this way. 55% say that greater availability of products would help. More than 60% agree that having evidence that an investment would help protect the planet or lift people out of poverty would make them more likely to make a sustainable investment.

As with any type of investing, considerations about return and risk are crucial in sustainable investment decisions. 71% rank return and 65% rank risk as being among the most important factors when making an investment decision. Around 30% also rank the impact an investment might have on people or the planet among the top five most important factors. Just over half of people say they would be likely to make a sustainable investment if the returns were at least the same as other traditional investments.

Source: Impact Management Project (IMP)

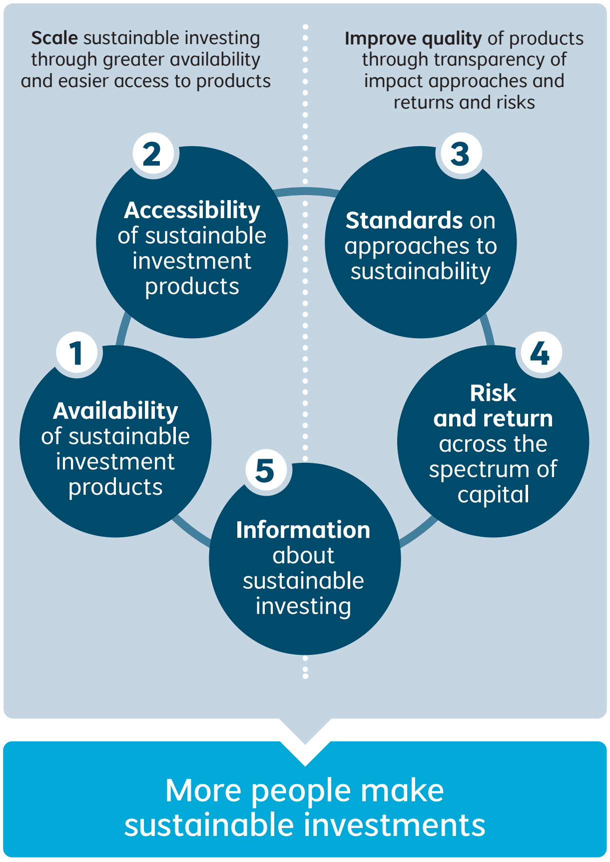
Figure 1: Sustainable investing – the Spectrum of Capital

(Expected) financial performance	← Competitive risk-adjusted financial returns →			Disproportionate risk-adjusted returns
Illustrative motivations	"Aware of potential negative impact, but do not try to mitigate it"	"To mitigate risk"	"To align with long-term sustainable growth drivers"	"To help tackle climate change" "To help tackle the eduation gap"
(Expected) effects on people and planet	May have negative outcomes for people and the planet	Act to avoid harm Mitigate or reduce negative outcomes for people and the planet	Benefit stakeholders Generate positive outcomes for people or the planet	Contribute to solutions Generate substantial positive change for otherwise underserved people or the planet
		Efforts data (focus of ESG) as proxy for mitigation/reduction of negative outcomes for people and the planet	**Outcome data** demonstrating positive outcomes for people or the planet	**Impact data** demonstrating substantial positive change for otherwise underserved people or the planet

Enabling more sustainable investment requires greater scale and higher quality products

The research carried out over the course of the Investing in a Better World initiative identified five key areas that the UK public say need to change to enable them to make more sustainable investments. Each of these five areas are essential elements to making it easier for people to invest sustainably and are mutually reinforcing. Greater availability of sustainable investment products and ensuring these are easily accessible to people will increase the **scale of the sustainable investment market.** However, scale will not be achieved unless people are able to **easily assess the quality of sustainable investments** and are convinced by their risk and return profile, and approaches to sustainability. Without better sharing of information, awareness will continue to be low and people will find it difficult to understand what sustainable investment opportunities are available to them.

Figure 2



1. Increase the availability of sustainable investment products

55% of people report they would be more likely to invest sustainably if there was greater availability of products.

Engagement with industry evidenced that opportunities exist for consumers to invest sustainably across all major asset classes (equities, bonds, property, cash and alternatives) and with a range of sustainability approaches. The report profiles various case studies across the major asset classes in Section 3.

The Investment Association, whose members manage a total of £7.7 trillion, estimates the size of the UK sustainable investment market to be £2 trillion.[5] The Investment Association estimates that a further £1.4 trillion of assets under management (AUM) is managed by UK managers that are not Investment Association members, some of which may be sustainably invested. We can estimate, therefore, that **at least 22% of the total UK asset management industry is now sustainably invested.**[6]

Positive trends exist in areas of the market where people in the UK are likely to make new investments (such as passive investments and pension funds). It is also possible to make specialist investments in particular interest areas, such as in clean energy and economic development in Africa.

Most of the sustainable investment opportunities available to the UK public are in large, publicly-listed companies. Sustainable investment managers may also aim to drive positive change by divesting from companies deemed to be causing harm, or by taking a proactive approach to stewardship, engagement and voting in relation to sustainability issues for the companies in which they have invest.

Investing to deliver the SDGs also requires more investment capital to flow into businesses that actively contribute towards solutions to social and environmental challenges. Some of the more innovative opportunities to invest to achieve the SDGs are illiquid, high risk or involve an investor accepting a disproportionate risk-adjusted return, meaning they may not be appropriate for all members of the public.

Nevertheless, the public's view is clear: greater availability of sustainable products would make them more likely to make a sustainable investment. Industry interviews revealed widespread acknowledgement that a larger pipeline of sustainable investment opportunities will be needed to meet future demand.

5 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association, September 2019.
6 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association, September 2019.

The research shows that industry good practice that can increase the availability of sustainable products includes:

Funds that receive high scores from third party ratings or accreditation providers like 3D Investing and Fund EcoMarket. There is a growing cohort of funds available to the public which have strong sustainability credentials. Many of these can be incorporated into traditional approaches to portfolio construction.

Sustainable passive investment funds, such as the UBS Gender Equality exchange-traded fund (ETF). More of these could be created off the back of emerging corporate sustainability benchmarks (such as those that are part of the World Benchmarking Alliance (WBA), supported by DFID).

Sustainable investment bonds (including green bonds, social bonds, blue bonds and Masala bonds) which raise funds explicitly for projects and businesses that have a positive environmental or social impact, including in the developing world.

Pensions providers such as Aviva and Legal and General Investment Management (LGIM) developing sustainably invested default fund options for savers. This is supported by new regulations introduced by the Department for Work and Pensions (DWP) requiring pension trustees of schemes with over 100 members to **update their Statement of Investment Principles (SIP)** to cover policies in relation to financially material ESG considerations.[7]

Increasing investment opportunities in developing countries

There is interest among the UK public for their money to be invested in developing countries, particularly from millennials and people with investable assets over £25,000.

Opportunities to invest directly into developing countries include the DFID-supported Energise Africa platform or Alquity's Africa Fund, although the pipeline of investable opportunities in developing countries remains small. To help grow this pipeline, DFID invests in private sector enterprises in Africa and South Asia and works with national governments and others to improve the enabling environment for economic growth. This benefits both the developing world and countries like the UK. Some of the fastest growing economies in the world are located in Africa and South Asia, therefore in time these will become increasingly relevant to investors in the UK.[8]

2: Improve accessibility through key investment channels

Even for experienced investors, it can be difficult to navigate the sustainable investing landscape and access products.

The Investing in a Better World survey, online feedback form and attendees at public events all suggested they would invest sustainably if the opportunities to do so were easier to find. Industry interviews and roundtables also reported confusion by investors caused by a multitude of sustainable investing options with inconsistent terminology, complex information, varying impact standards and misperceptions about risk-return profiles. All of this can cause cognitive and choice overload and lead people to 'stick with what they know'.

Platforms, advisers and pension schemes are increasingly enabling people to invest in a sustainable way. Technology is playing an ever more important role in connecting people with sustainable investment opportunities and digital solutions are making it easier for people to invest. For example, there are now apps that automate savings decisions or allow people to start investing for the price of a cup of coffee. However, significant work remains to make it easier for people to access sustainable investments as an integrated part of making financial decisions.

Secretary of State for International Development Alok Sharma meets with factory workers at a Unilever oral care plant on the outskirts of Addis Ababa, Ethiopia.

7 Clarifying and strengthening trustees' investment duties: Government response, The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 (now the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018), September 2018.

8 World Economic Outlook Database, International Monetary Fund, April 2019

The research shows industry good practice that can improve access to sustainable investment products includes:

Technology-enabled platforms, such as The Big Exchange and Tickr, which connect people with sustainable investment opportunities. Improving signposting of sustainable options, or providing filtering functions on mainstream platforms, would go a long way to enabling people to make sustainable investment choices more easily.

Building the knowledge of financial advisers, such as through obtaining the CFA Institute's Certificate in ESG Investing, which will help more advisers to feel informed and able to provide advice on investing with sustainability considerations in mind. Improving professional education for financial advisers was a key recommendation of the Implementation Taskforce, an industry-led initiative designed to grow a culture of impact investing in the UK.

More pension plans with a strong commitment to sustainable investing in their default funds, such as the default investment fund offered by the HSBC Bank (UK) Pension Scheme.

3: Raise standards and develop common approaches to sustainability in financial products

Over 61% of people say that having evidence an investment would protect the planet and/or lift people out of poverty would make them more likely to make a sustainable investment.

People in the UK want to invest sustainably, but they also want to be able to trust that this will make a tangible difference in the world. The quality of sustainable investment products is seen by the industry to be variable, and there is a lack of transparency of how managers approach sustainability in their products. Many industry interviews highlighted the risk of "impact-washing" or "greenwashing", whereby products are described as more socially or environmentally responsible than they really merit.

A range of far-reaching initiatives are underway aimed at helping those managing sustainable investments to increase the quality of their offer. These include helping managers to define, develop and manage their products, as well as improving transparency of the intention, approach, activities and results of the investment. In part, a manager's ability to invest in a sustainable way is reliant on the data made available to them by the companies in which they invest.

The research shows industry good practice that can raise the standards and develop common approaches to sustainability includes:

Company reporting of sustainability metrics frameworks, like those created by the Global Reporting Initiative (GRI), help companies report on their sustainability using a consistent set of metrics. This is encouraged by organisations like Climate Action 100+ and ShareAction, including their work on the DFID supported Workforce Disclosure Initiative. This is especially important for investors interested in developing countries, where standards around sustainability disclosure tend to be lower.

The Investment Association's consultation on terminology, which will conclude in autumn 2019, presents an opportunity for language around sustainable investing to be clarified and agreed. This would help to reduce confusion about sustainable investing for people who advise and invest on the public's behalf and enable industry to better communicate with the public about which products are sustainable.

The **British Standards Institute's (BSI) Sustainable Finance Standardisation Programme**, which is seeking to create a specification (or standardisation) setting out requirements to establish, implement and manage the process of integrating sustainability considerations into investment management.

Establishing norms and a standard approach to impact measurement and management, such as through adopting **Impact Management Project's (IMP)** framework, which aims to improve transparency and consistency of impact reporting so that investors can compare the impact characteristics of investments.

Sustainability reporting by investment managers, such as those providing a statement about how they take sustainability considerations into account in their fund literature. Where appropriate this also includes reporting on the social and environmental impact of their investees. Some managers, such as WHEB Asset Management and Actis, are already leading the way.

4: Provide risk and return information across the spectrum of capital

65% of people rank risk and 71% rank return as being among the most important factors when making an investment decision.

There is a widespread assumption that sustainable investing automatically requires taking on more risk and sacrificing financial return. Yet there is a robust and growing evidence base that taking sustainability considerations into account in investment decisions can reduce long-term risk and protects financial returns, such as meta studies completed by the University of Oxford and Arabesque Partners in 2014.[9]

Industry good practice that can provide better risk and return information across the spectrum of sustainable investing includes:

Building more evidence on the interplay between sustainability and risk and return. Academic studies like the University of Oxford's and Arabesque's Partners paper add legitimacy to messages around the risk and return characteristics of sustainable investing. The financial implications of not taking climate-related risk factors into account are anticipated to become even greater as the global economy transitions to a low carbon basis.[10] The evidence base around the benefits of investing in developing countries will also increase as these economies grow.

5: Share information about sustainable investing

Only 13% of people say they could explain what sustainable investing is.

Findings from the survey show clearly that the public needs better information about sustainable investing.

Information that is clear and simple is critical. Language that is customer-centric can help people understand their investment options.

Industry good practice that can increase information and awareness of sustainable finance options includes:

Increasing media coverage and sources of information available to people about how to invest sustainably, through mainstream channels such as the Financial Times' "Moral Money" bulletin and specialist media outlets like Good with Money.

Improved communication that makes it easier for people to engage with investing. Financial information can be complicated and presented in a language and format that makes it difficult for customers to engage with it. People are more likely to engage with information that is presented via a short and concise video, compared to written information, such as the short video produced by Aviva 'Can you protect the planet with your pension?'[11] This is a compelling way to reach customers and explain the options available to them. With the advent of new digital financial providers reaching customers in new ways and through channels like social media, the industry is likely to continue to think about the method, format and language of outreach in order to drive better customer engagement.

Conclusion

In the last decade, the rapid growth of the sustainable investment market has underscored the growing awareness of the effect that investing has on people and on the planet. Considering ESG factors within an investment process is becoming a mainstream activity. It is possible to invest in companies committed to reducing the harm they create through their activities and in companies that are helping to solve the great challenges of our time.

Yet relatively few people are investing in a sustainable way. They are not being linked effectively to the products currently in the market. They also need greater clarity on the risks, expected returns, and impact of their investments.

The Investing in a Better World initiative demonstrates that there is widespread demand for sustainable investing from people in the UK. This demand is expected to grow further, driven particularly by wealthier and younger people. The financial sector should be prepared to respond to and meet this demand.

Capitalising on the high customer demand for sustainable investing represents an opportunity to change the world for the better. With just over ten years left to meet the SDGs, the results of this work outline a vision for how we can work together to make it easier to invest in a better world.

9 Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance, Clark, G., Feiner, A., and Viehs, M., University of Oxford and Arabesque Partners, September 2014.

10 Transition in thinking: The impact of climate change on the UK banking sector, Bank of England, September 2018.

11 Financial Communication - Finding the Perfect Fit, Mercer, 15 May 2017; and Can you protect the planet with your pension? video by Aviva, 2016', Available at: <https://www.aviva.co.uk/retirement/shape-my-future/plan-my-future/video/can-you-protect-planet-your-pension/>, Accessed at: 2.09.19.

Introduction

1

1. Introduction

The Investing in a Better World project was established to understand how people in the UK want to invest their money and whether they want this to help to achieve the SDGs.

Most savings and investments held by people in the UK are managed on their behalf by the financial sector. This means that the financial sector has a large influence over how people's money impacts people and the planet. This project set out to listen to what people in the UK had to say about how they want to invest today to build a better tomorrow.

***Figure 3:** The Sustainable Development Goals*

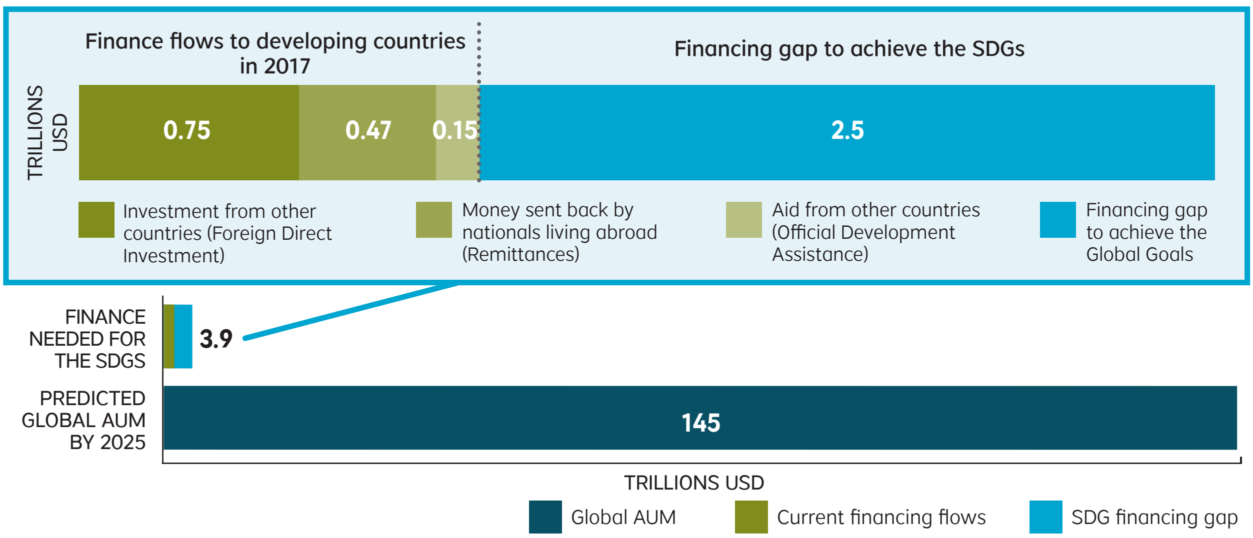
The SDGs were agreed by the 193 members of the UN in 2015. They provide a shared blueprint for building a better world for people and the planet. The UN has made it clear that the private sector has an integral role to play in helping to deliver each of the 17 SDGs.

It is estimated that between $5-7 trillion more is needed per year to achieve the SDGs, including those related to poverty, inequality, climate, and environmental degradation.

For developing countries alone to achieve the SDGs, $2.5 trillion more capital is needed each year. This is often called the 'financing gap' because it is the additional capital needed beyond the current levels of financial flows to developing countries from foreign direct investment, remittances and overseas aid, as shown in Figure 4.

The SDGs are interdependent: improving health outcomes, clean water, access to education and creating decent work opportunities are all essential to alleviating extreme poverty. Climate change is likely to have a disproportionate impact on poor people, as the UN Special Rapporteur on extreme poverty and human rights found: *"[climate change] could push more than 120 million more people into poverty by 2030 and will have the most severe impact in poor countries, regions, and the places poor people live and work."*[13]

Figure 4: SDGs financing gap in developing countries compared to global AUM[12]



12 The $2.5 trillion figure is from World Investment Report 2014, UNCTAD, 2014; the figures for finance flows to developing countries are from Global outlook on financing for sustainable development 2019, OECD, 2018; and the $145 trillion figure is from Asset & Wealth Management Revolution: Embracing Exponential Change, PwC, 2017.

13 Climate change and poverty: Report of the Special Rapporteur on extreme poverty and human rights, A/HRC/41/39, Human Rights Council, Forty-first session, 24 June-12 July 2019.

The financial system and how it impacts people and the planet

The financial system is sophisticated and has, to date, existed primarily to invest people's money to meet their financial objectives.

In the UK, most people choose investments that pool money into funds, which are then invested in large companies. Companies can either contribute to or detract from a sustainable future for people and the planet. Many companies employ people through vast networks of global supply chains. These networks are a lifeline for millions of people and promote economic growth which has contributed to the fastest decline in extreme poverty that has ever occurred.[14] But companies can also leave people exposed to dangerous and exploitative working environments, especially in developing countries.

Companies are also reliant on a finite stock of natural resources. Whether they use and manage these natural resources sustainably is critical for the future of the planet. People living in developing countries are more vulnerable to the impact of climate change and pollution, as well as being least protected when companies operate in a way which is harmful, as developing countries typically have weaker infrastructure and legal protections.

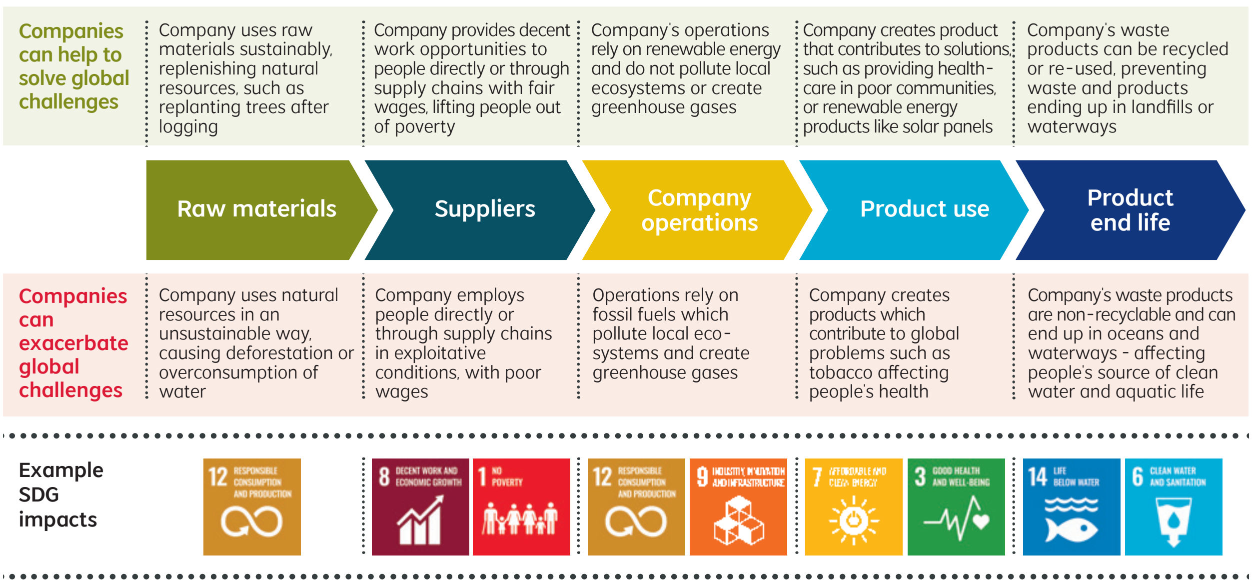
Investment managers can decide whether to take sustainability considerations into account when assessing whether to invest in a company. Once they have invested, they can also engage with a company to try to improve its sustainability performance, using their voting rights to influence behaviour where necessary. If an investment manager wants to send a signal to the market that the company needs to change the way it operates, they also have the option of divesting from it. In this way, investment managers can make a positive difference, without mobilising new sources of capital, by refining how existing capital flows can influence positive change.

While better investor stewardship and improved corporate sustainability practices will make a difference, achieving the SDGs also requires mobilising new capital to invest in companies in undersupplied markets and in companies that are solving global challenges. As with any other type of investing, some sustainable investment opportunities may not be appropriate for everyone, but opportunities to invest in companies creating positive impact in the world are growing.

Investor impact on the SDGs

The global and often complicated nature of business operations means that large companies can have a positive and negative impact on several of the SDGs across their operations, as the following hypothetical company scenarios show:

Figure 5: Example company impacts on the SDGs



14 Decline of Global Extreme Poverty Continues but has Slowed, World Bank, September 2018.

Investors can effect change across the SDGs by choosing which companies they invest in and through putting pressure on poor performers to do better. This gives investors the potential to contribute to alleviating poverty and to achieving the SDGs through a range of mechanisms, as outlined in Figure 6.

***Figure 6:** Examples of Investor Impact on the SDGs*[15]

Impact might be achieved…	Examples	Inputs	Outputs	Outcomes	SDG impact *(example by SDGs)* This investment could contribute to achieving the following SDGs…
…at **enterprise** level by investing in businesses that create positive social / environmental impact…	Energise Africa	Individual participates in debt based crowdfunding by investing in bonds issued by solar businesses enabling pay-as-you-go solar home systems to be provided to low income families in sub-Saharan Africa	Solar companies can purchase solar home systems and provide them on monthly payment plans to families in sub-Saharan Africa putting solar electricity within their financial reach	Clean and reliable energy is affordable for families, improving education and health and saving money. Almost 400,000 people now have access to solar electricity and 82k tonnes of CO_2 a year are saved by displacing the need for kerosene	3 Good health and well-being; 4 Quality education; 7 Affordable and clean energy
…at **fund** level, by investing in a group of companies creating positive impact (or proactively seeking to avoid harm)…	Baillie Gifford Positive Change Fund	Individual invests in fund that buys shares of companies targeting a definable measurable social/environmental impact	Companies produce goods and services that contribute positively towards social inclusion, education, environment and resource needs, healthcare and addressing the needs of the poorest populations	Fund measures and reports on the impact of each company and reports on key metrics: 152m tonnes of carbon emissions saved, 712bn litres of water saved, 85m people given access to financial services	3 Good health and well-being; 9 Industry, innovation and infrastructure; 7 Affordable and clean energy; 11 Sustainable cities and communities; 9 Industry, innovation and infrastructure
…and at a **collective** level, through groups of investors placing pressure on investees to improve sustainability performance such as workforce practices…	Workforce Disclosure Initiative ShareAction	Individual invests in a manager that is part of coalition of investors asking companies to improve reporting on global workforce practices	90 global companies report across a range of workforce metrics on how they manage workers in their direct operations and supply chain	Companies identify ways to improve workforce practices including tackling modern slavery and child labour, and improving workplace health and safety	8 Decent work and economic growth
…through climate action…	Climate Action100+	Individual invests in a manager that is part of coalition of investors with $33trn in AUM placing pressure on companies to take action to reduce greenhouse gas emissions	Companies increase transparency on climate change oversight and disclose information in line with Task Force on Climate-related financial disclosure (TCFD)	Companies modify operations to align with the Paris Agreement	9 Industry, innovation and infrastructure
… and driving change can also be about taking money **out of the system**	DivestInvest	1,000+ organisations & 59k individuals pledge to divest from fossil fuel companies	Reduction in social license to operate and operating resources for companies	Companies modify operations in line with the Paris Agreement	7 Affordable and clean energy; 9 Industry, innovation and infrastructure

The focus of the Investing in a Better World initiative

The Investing in a Better World initiative was primarily interested in the types of investments that people are most likely to hold, such as savings accounts, pensions, Individual Savings Account (ISAs) and stocks and shares portfolios. It also explored other investments that can have a positive impact in the world, like the impact-seeking investments on crowdfunding platforms and investment funds focused on developing countries.

A comprehensive assessment of the UK public's attitudes to sustainable investing, including investing into developing countries, was conducted. The survey sample was over 6,000 people, which included a nationally representative sample of 5,123 members of the UK public, supplemented by a booster sample of an additional 1,018 people with over £25,000 investable assets. Broader consultation with over 2,000 people took place through public feedback forms and public events. A range of stakeholders and members of the investment industry were consulted through five roundtables and 44 interviews, to contextualise the public outreach findings.

15 All data and evidence taken from publicly available literature. Report authors do not accept responsibility for their accuracy.

Building on existing Government work on green finance and impact investing

The UK has been at the forefront of growing an enabling environment for sustainable investment. This includes the work recently completed by major Government-supported initiatives, particularly the Green Finance Taskforce[16] and the Implementation Taskforce[17], which were dedicated to supporting investment that promotes environmental and social impact respectively. These taskforces aimed to consolidate the UK's position as a world-leading hub for sustainable investment. Their work will inform the activity of the newly created Green Finance Institute and Impact Investing Institute, supported by the City of London and Government. These organisations will work to align private sector financial flows with sustainable, inclusive, and resilient growth and to strengthen the competitiveness of the UK financial sector. This also builds on the Government's recently published Green Finance Strategy, which specifically sets out the need for building consumer awareness and demand for green finance. DWP, the Financial Conduct Authority (FCA), The Pensions Regulator (TPR) and the Bank of England have also been active on this agenda (see section 3.1).

The Investing in a Better World project supplements these Government-supported, industry-led initiatives by having conducted one of the largest public opinion surveys on sustainable investing to date. This work distinctly focuses on investments that have a global footprint and can contribute towards achieving the SDGs.

For the purposes of this report, a broad view of what it takes to invest in a better world has been adopted. Achieving the SDGs requires both mitigating existing harmful activity as well as investing in businesses that actively contribute to to solving specific societal and environmental challenges. The term "sustainable investing" is used throughout the report to encompass any type of investing that either seeks to avoid harm in the world, benefits stakeholders or contributes solutions to the world's challenges.

A Syrian refugee at work in a Lebanese textile factory supported by UK aid and Mercy Corps.

16 See: Accelerating green finance: a report by the Green Finance Taskforce, March 2018.
17 See: Growing a Culture of Social Impact Investing, Implementation Taskforce, 2016 and 2018.

Public Demand for Sustainable investing

2

2. Public Demand for Sustainable investing

PwC conducted a nationally representative survey of the UK public to gain an understanding of both the current and potential levels of demand for sustainable investing. This included an additional booster survey of people with more than £25,000 investable assets. This survey is one of the largest conducted to date on this topic and provides comprehensive evidence of the level of consumer demand for sustainable investing in the UK.

This section presents the survey results:

- Section 2.1 provides evidence that people in the UK care about the impact their money can have;
- Section 2.2 provides evidence that most people in the UK would invest sustainably if they could; and
- Section 2.3 outlines the motivations people have for sustainable investing, what would enable them to invest sustainably and what they feel prevents them from making sustainable investments at the moment.

Methodology

The survey was completed by over 6,000 people in the UK. This includes a sample of 5,123 members of the public which is nationally representative of the UK population by gender, age and region.[18] This also includes a booster sample of 1,018 people who have at least £25,000 of investable assets.[19] The booster sample provides a deeper understanding into the subset of the UK population that have more money to potentially invest or save now. The survey was launched on Thursday 9 May 2019 and closed on Thursday 6 June 2019.

The survey asked both the nationally representative group and the booster group the same 36 questions about:

- the values people have and how they act on things they care about;
- their level of awareness of the concept of sustainable investing;
- their interest in the impact that their own savings and investments have;
- the choice people would make if sustainable investing was available to them;
- the most important factors influencing people when selecting investments;
- the factors which would motivate, enable or prevent people from making sustainable investments;
- their understanding of pensions and whether they would like their pensions to be sustainable; and
- their level of awareness of the SDGs and interest in investing in developing countries.

Results were analysed for different demographic groups, such as those with more than £25,000 investable assets and people of different age groups and genders. It also included a driver analysis of different groups, such as those who indicated interest in sustainable investing, to understand their strongest motivations, enablers and barriers. The survey results pack is also available and in the public domain.

Headline survey results

The survey found overwhelming evidence that people in the UK care about the impact companies have on people and on the planet. The UK public say that they want financial institutions to make a more positive social and environmental impact with the money invested on their behalf. 68% say that they want their investments to contribute to solutions for societal and environmental challenges. A similar number say they want their investments to take proactive steps to avoid causing harm to people and the planet.

Most people across all demographic groups say that they want to invest sustainably. However, some groups are more likely than others to make a sustainable investment. People with over £25,000 in investable assets are more likely to say they want to invest sustainably now. Most millennials and women say they are interested to invest sustainably in the future, but are not able to do so now, and so represent a large potential market.

18 The margin of error on the 5,123 nationally representative sample is +/- 1.37%.

19 The margin of error on this data is +/- 1.98 %. This includes people from the booster and the nationally representative sample who have over £25,000 investable assets, which totals 2,445 people. Investable assets were defined as "savings or investments, excluding the value of pension savings. Savings are any money that is leftover after all your personal expenses have been met, such as your rent or mortgage, utility bills, food and other purchases. This can be deposited in a bank and earn interest over time. Investments are something you buy with the hope of achieving a profitable return, for example buying stocks or bonds.

Almost two thirds of people say they would be more likely to invest sustainably if they had evidence that an investment would help lift people out of poverty or help protect the planet. The results also found interest to invest in Africa, with one in four people saying that they would be interested in some of their money being invested in Africa, rising to almost half for those with investable assets over £25,000.

Key findings

1 People in the UK care about the impact that their money has on people and the planet

- The majority of people in the UK say they care about people and the planet and exhibit this through sustainable behaviours, such as recycling and reduced plastic use.
- 3 in 5 people say it is important that businesses and financial institutions contribute to solutions and avoid harm to people and the planet.
- More than 50% of people say they would be motivated to save and invest more if they knew it would make a positive difference, including helping to lift people out of poverty.
- People ranked zero hunger (SDG 2), no poverty (SDG 1), and clean water and sanitation (SDG 6) as the top three most important SDGs to invest in.

2 Most people in the UK are interested and would likely choose sustainable investments if they could

- 68% of people would opt for a sustainable investment if given the choice. This rises to 70% for women, 74% for millennials, and 77% for people with over £25,000 in investable assets.
- Over half of people say they are interested in investing sustainably now or in the future, with a quarter interested in investing in Africa, rising to 44% for people with over £25,000 investable assets.
- 56% of people say they would opt for a fully or partially sustainable pension, given the choice, while 30% report they are not sure what they would choose. Only 14% said they would choose a fund that did not seek more positive impact on people and the planet.

3 There are key motivations, enablers and barriers for people to sustainable investing

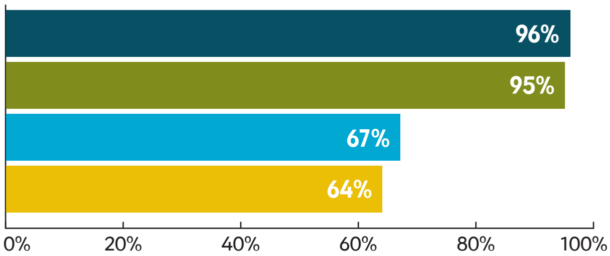
- Despite more than half the population saying they are interested in sustainable investing, the reported investment activity and awareness of sustainable investment products is currently low (13%).
- Greater availability of products, more information, and evidence of impact would motivate and enable people to make sustainable investments.

2.1 PEOPLE IN THE UK CARE ABOUT THE IMPACT OF THEIR MONEY

People in the UK care about people and the planet and exhibit this through sustainable behaviours.

The survey asked people about their everyday behaviours and charitable giving to understand more about people's values.

Figure 7: Proportion of survey respondents who demonstrated sustainable behaviours



Always or sometimes make an effort to recycle
Always or sometimes try to reduce use of plastic
Donated to charity in the past year
Strongly agree or agree that they try to buy products from companies that give something back to society and communicate their respsnible practices

The survey results show that **people across the UK care about making the world a better place, and this is reflected in their stated behaviours (see Figure 7).** A large majority of the UK public say they always or sometimes recycle their household waste (96%), always or sometimes try to reduce plastic (95%) and prefer to buy products from sustainable companies when they can (64%).

Most of the UK public also donate money to charity. Over two thirds of respondents say they donate to charity, rising to 79% for those with investable assets of £25,000 or more. This aligns closely with research by the Charities Aid Foundation, which ranked the UK as the sixth most generous country in the world in 2018.[20]

These findings are significant indicators that people in the UK would be likely to want their investments to be sustainable. The correlation between the likelihood of exhibiting sustainable behaviour and the likelihood of sustainable investing was demonstrated by Schroders' research, which showed this trend globally across 30 countries, including the UK.[21]

20 Charities Aid Foundation World Giving Index, Charities Aid Foundation, 2018.

21 Global Investor Study 2017: Global Perspectives on Sustainable Investing, Schroders, 2017, p19.

The Sustainable Development Goals

Awareness is low but growing
42% of the UK public say they have heard of the SDGs. This demonstrates an increase in awareness since 2016, when the European Commission found that only 21% of the UK public had heard of the SDGs.[22] However, this is significantly lower than levels of awareness in Finland (71%), Luxembourg (59%) and Sweden (56%). The survey results showed that different groups had higher awareness - for those with assets over £25,000 awareness levels were 57%, and among younger people awareness was also higher at 55%.

Everyone has a role to play in achieving the SDGs
The majority of people agree that governments (73%), businesses (71%), communities (68%), individuals (67%) and charities (67%) all have a responsibility for delivering the SDGs.

All of the SDGs are seen as important, but relative importance varies when comparing the UK and poor countries
People ranked clean water and sanitation, zero hunger, no poverty and quality education as the most important SDGs for poor countries.

People ranked health and well-being, no poverty, affordable and clean energy, and quality education as the most important SDGs for the UK.

SUSTAINABLE DEVELOPMENT GOALS

People want businesses and financial institutions to avoid harm and do good for people and the planet

People in the UK feel strongly that businesses have a role to play in making the world better.

The majority of people (59%) say it is important that financial institutions consider people's values when making decisions about their customers' money. And 64% say that financial institutions should avoid investing in companies that harm people (for example, companies with poor worker safety records) or the planet (for example, companies producing harmful emissions).

Figure 8: *Survey results for investments to avoid harm or achieve good*

A majority - over 7 in 10 people - say they want their investments to avoid harming people and the planet and to achieve good in the world (see Figure 8).

Almost half of people (48%) say they believe that, by choosing where to invest or save, they can play a role in influencing businesses and their impact.

Secretary of State for International Development Alok Sharma meets people benefitting from a clean water supply in Ethiopia, which people ranked as the most important SDG for poor countries.

22 Special Eurobarometer Report 441, European Commission, February 2016.

Despite this, people have low expectations for corporate sustainability practices. Only 35% of respondents say businesses are increasingly taking their customers' and shareholders' values and concerns into consideration, and 30% of people say that they think that businesses do not apply the same ethical and environmental standards in developing countries as they do in developed countries.

People would be motivated to save and invest more if they knew it would make a positive difference

The majority of people (52%) say that they would be motivated to save more if they knew that their savings and investments made a positive difference in the world. This rises to 60% for those with assets over £25,000.

2.2 CHARACTERISTICS OF THOSE WHO ARE INTERESTED IN SUSTAINABLE INVESTMENT

Over half of people in the UK are interested in investing sustainably now or in the future, with a quarter interested in investing in Africa

Once sustainable investing[23] is explained to people, 56% say they are interested in making this type of investment. Of these, 12% would be interested in doing so right now.

These results mirror the findings of other research. In 2015 Barclays found that 56% of respondents have at least a moderate interest for impact investing[24]. In 2017 Ethex found that 51% of people were interested in 'positive investments.[25]

The characteristics of those who are interested in investing sustainably now (12%)

This survey asked people if they would be interested in making sustainable investments now or in the future. The people who are interested in investing this way now have the following characteristics:

Of the 12% interested in investing sustainable now:

- 66% are employed full time
- 59% are aged between 18-39
- 51% earn between £30,000 - £99,999 annual income
- they are spread throughout the UK, but the highest proportion live in the South East (18%)
- 61% are male

Compared with the whole population, this group is more likely to say they:

- 'always' reduce plastic usage (63%)
- donate to charity (81%)
- have heard of responsible investments and are able to explain them (39%)
- would tick the box 'I would like my investment to be responsible and impactful' (92%)
- would be motivated to invest if they knew their investments made a positive difference (86%)
- are aware of the SDGs (80%)
- would invest their pension in a different fund, if it was invested in a company against their values (74%)
- would choose a pension fund that is responsible and impactful (53%), or a traditional fund (27%)

The characteristics of those who are not interested in investing sustainably (26%)

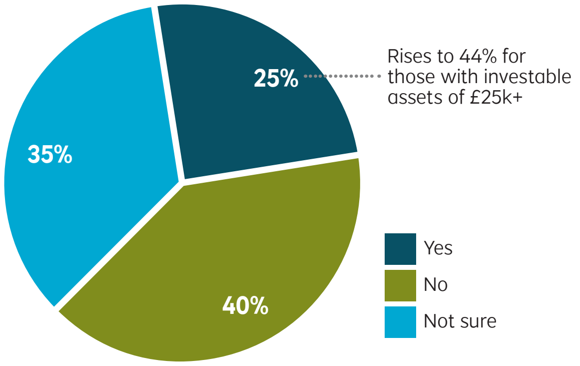
Those who say they are not interested in holding a sustainable investment are more likely to be older (41% are over the age of 60), retired or out of work (31% are retired and 8% are unable to work due to being sick or disabled), and earn less money (over 60% earn less than £29,000). They are also less likely to say that they demonstrate sustainable behaviours.

23 Sustainable Investing in the survey was referred to as responsible or impactful investing, which was defined as: 'when deciding to invest in a company, financial institutions consider factors like the company's financial performance and how the broader economy may impact it. They can also consider the company's impact on people (e.g. use of child labour or fair wages for workers) and the planet (e.g. conserving natural resources like water, or causing toxic pollution).'

24 The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy, Barclays, 2015.

25 Understanding the Positive Investor: A research study revealing the level of interest in positive investment in the United Kingdom, Ethex, 2017.

Figure 9: Interest in Investing in Africa



25% of respondents indicated that they would be interested in some of their money being invested in Africa. This rose to 44% for those with over £25,000 of investable assets and 35% for millennials.

Almost 40% of respondents also state that their perception of opportunities to invest in Africa was more positive when they read that *'almost half the world's fastest-growing developing countries are in Africa'*.[26]

People with more money to invest demonstrate more willingness to act now

Those with assets above £25,000 are the most likely of the demographic groups analysed to say they are interested in sustainable investing; 7 in 10 say they are interested, of which nearly a third say they are interested in making sustainable investments now.

This group is also more likely to demonstrate sustainable behaviours, for example, taking actions like giving to charity or recycling. They also have higher awareness of sustainable investing (70%) and the SDGs (57% are aware and 23% could explain what they are).

Furthermore, over 7 in 10 people with assets over £25,000 believe that financial institutions should actively avoid investing in companies that harm people or the planet. This group is more likely than the general population to say they would switch their pension to a different fund if they found out it was invested in a way that went against their values (52% would want their pension switched compared to 47% of the general population).

These findings suggest that this group cares strongly about the impact that their money has and are more likely to be dissatisfied if they learned that their investments were causing harm to people and the planet.

Millennials and women are more likely to opt for sustainable investments if given the choice

The results show that the general population, representing people of all ages and genders, demonstrate high appetite for sustainable finance overall. Within this, millennials are more likely than average to say they are interested in sustainable investing. There are some subtle nuances between how men and women responded, which suggests that while men are more likely to invest for impact now, women represent an increasingly important and growing customer base.

Millennials

71% of millennials, compared to 56% of the general population, say they are interested in sustainable investing. 67% state that they would be motivated to save more if they knew their money made a positive difference, compared to 52% of the general population. Millennials are also more likely to say they are aware of sustainable investing (53%) and the SDGs (44%).

74% of millennials say they would opt for sustainable investments if given the choice, which is higher than the general population (68%). They are also more likely than the general population to say they would choose a fully sustainable pension fund and more likely to be open to some of their money being invested in Africa.

This has major implications for how the investment industry approach this new generation of savers and investors, as these results demonstrate millennials are more likely to care strongly about the impact that their savings and investments have on people and the planet.

Men and women

The differences between how men and women responded are subtle. Men are more likely to say that they want to invest sustainably now. Women demonstrate strong interest and are likely to play a greater role in driving demand in the future as the gender investment gap closes.

Overall, men are more likely to say they have heard of sustainable investing, are more likely to say that they are interested now and are more likely to be interested in investing in Africa. However, they are less likely to demonstrate sustainable behaviours, and while enthusiasm for sustainable products is still high, it is slightly lower than for the population as a whole. For example, men are more likely to stick with traditional pension options (18%, compared to 14% of the general population).

Women are more likely to say they demonstrate sustainable behaviours than men, with higher stated rates of recycling, reducing plastic use and giving to charities. Despite the fact that they are less likely to have heard of sustainable investing (38% of women have heard of sustainable investing compared to 54% of men), and are less confident explaining how their pension works (53% of women were not confident, compared to 36% of men), women demonstrate the same high levels of interest in sustainable investing in the future.

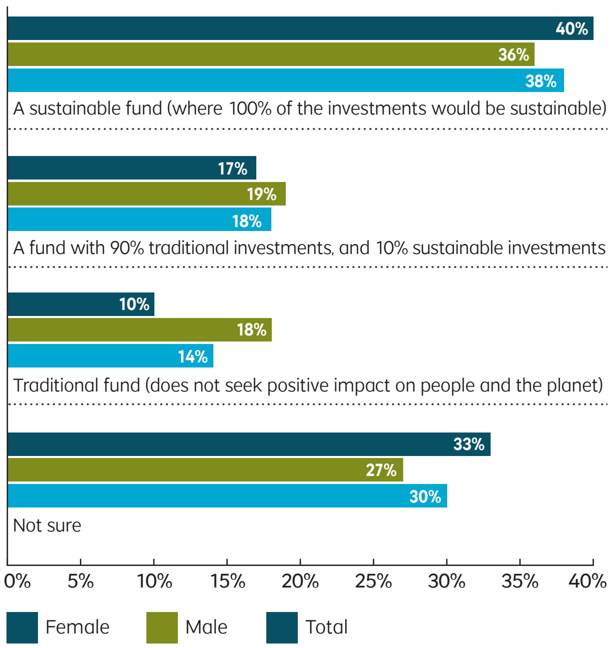
26 World Economic Outlook, International Monetary Fund, October 2018.

Women demonstrate stronger views in relation to what financial institutions do with their money; 64% of women agree that financial institutions should invest in companies that have a positive impact on people and the planet, compared to 57% of men. Women are also slightly more likely to choose sustainable investments if given the choice - for example, more women would tick a box to make their investments sustainable (70% would do so compared to 66% of men), and are more likely to say they would choose a fully sustainable pension fund if given the choice (40% compared to 36% of men, see Figure 10). These findings are in line with Barclays' survey in 2015 which found that women were actually slightly more likely to be interested in sustainable investing than men.[27]

Research suggests that there is a sizeable savings and investment gap between men and women in the UK.[28] The Pensions Institute reports that, by their early sixties, the median private pension wealth of women is one third of men's.[29] The report finds a number of contributing factors driving this gap, including different working patterns, and the gender pay gap (currently the gap is around 18% in the UK).[30]

This gender gap could explain why women are less likely to say that they are interested in investing sustainably now but are just as interested in investing sustainably in the future. Women are expected to control more than 60% of the UK's wealth by 2025.[31] Women are therefore a growing potential market for sustainable investment. As research has found, better engagement, information and communication of sustainable investment options will be crucial to unlocking this growth.[32]

Figure 10: Pension scheme preferences



56% of people would opt for a fully or partially sustainable pension

People in the UK say they have a low understanding of how pensions work - only 29% of pension holders feel confident explaining what their pension scheme does with their money, whereas 44% indicated that they feel not very or not at all confident.[33] However, the results show that 57% of people say they are interested in learning about what impact their pension investments have on people and the planet. Almost half of respondents say they would want their pension to invest in a different fund if they found out it was invested against their values.

Given the choice between a pension that invests in a traditional fund, a pension that invests partially in a sustainable fund (10% invested sustainably), or a pension that is fully invested in a sustainable fund, 56% of people say they would opt for a pension scheme that invests either partially or fully in sustainable funds (see Figure 10). More young people (43%) say they would be likely to choose the fully sustainable pension option, compared to 38% of the general population.[34] Only 14% of all people say they would choose the traditional fund which does not consider its impact on people and planet.

Of those with assets over £25,000, 59% say they would choose either the fully sustainable or partially sustainable option, which is higher than the general population. However, more of this group would opt for a traditional pension fund (24%).

27 The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy, Barclays, 2015, p.13.
28 Bank of America Merrill Lynch and Age Wave, Women and Financial Wellness: Beyond the Bottom Line, 2019.
29 Understanding the Gender Pensions Gap, Pensions Policy Institute, July 2019.
30 Understanding the Gender Pensions Gap, Pensions Policy Institute, July 2019.
31 How women's rising wealth is reshaping the global economy, Barclays, March 2019.
32 See for example: The WealthiHer Report 2019: Understanding the Diversity of Women's Wealth, WealthiHer Network, 2019, pages 13-14.
33 This aligns to previous surveys such as Big Society Capital's 2017 survey which found that 2 in 5 people know nothing about their pension. (See: Pensions for Purpose, Big Society Capital, 2017).
34 This also aligns to Big Society Capital's findings that millennials emerge as the group most interested in social pension funds, and 55% would want their pension to be invested in line with their social and environmental views.

2.3 MOTIVATIONS, ENABLERS AND BARRIERS PEOPLE IN THE UK FACE

Despite the high levels of interest in sustainable investing found in the survey, only 13% of the UK public state that they currently hold a sustainable investment. This rises to 30% for those with over £25,000 of investable assets. This is in keeping with other survey results, given the nuances in how questions are posed: Ethex found in 2017 that 20% of the UK population who are not in debt have 'positive' savings or investments[35]; Barclays found in 2015 that 9% of their survey respondents said that they had invested in the impact investing sector.[36]

Equally, only 13% of respondents say that they know what sustainable investing is and could explain it, while 33% of respondents say they have heard of it but are unsure what it is. Overall, just less than half (46%) of the UK population are aware of sustainable investment. Awareness was significantly higher among those with assets over £25,000, where 70% say that they are aware of it, and 30% could explain what it is.

Better information, greater availability of products, and stronger evidence of impact would encourage more sustainable investing

Given the low levels of awareness, it is not surprising that half of respondents (54%) cite lack of information and knowledge as key reasons they are unlikely to invest.

Among those who indicate that they are interested in sustainable investing, the top factor that would make them more likely to invest is greater availability of products. Overall, 55% of respondents say they would be more likely to make a sustainable investment if there were more products available to them.

The top motivations people cite for making sustainable investments are that they are concerned about the planet and want people to have better working conditions. Improving evidence that investment products would help protect the planet or lift people out of poverty are among the top enablers that would make people more likely to invest in this way. More than 60% say this would make them more likely to invest. This indicates that helping people connect their values to the outcomes of potential investments would encourage more people to decide to make sustainable investments.

Figure 11: Motivations, enablers and barriers to making sustainable investments

Survey findings on the top motivators, enablers and barriers to making sustainable investments

Motivators

The most agreed upon reasons that people cite for being motivated to make a sustainable investment are:

- 66% - concern for the planet and issues like plastic pollution and climate change.
- 63% - wanting people people around the world to have better working conditions and making fair wages.
- 62% - caring about the impact that businesses have on the world and they do not want their investments to cause harm.
- 62% - thinking that in the long term it makes good financial sense to invest in businesses that have responsible environmental and social practices.

Enablers

The top enablers that people say would make them more likely to make a sustainable investment are:

- Evidence that the investment would have a sustainable **impact**:
  - 63% - if there was evidence that the investment would help protect the planet.
  - 61% - if there was evidence that the investment would help lift people out of poverty.
- Evidence that people would still get a similar **return**:
  - 62% - if there was evidence that they would get a similar return to other investments.
- More **information** about the investment:
  - 58% - if they had more information about the investments from the institutions that they were investing with.

Barriers

- **Information:** 54% of people said they were less likely to invest sustainably because they don't feel they have enough information or know enough about this type of investing.
- **Having enough money to invest:** 49% of people said they were less likely to invest sustainably because they think they will not have enough money.
- **Risk and trust concerns:** 48% of people said they were less likely to invest sustainably because they think it is too risky, while 44% of people were less likely to do so because they do not trust financial institutions.

35 Understanding the Positive Investor: A research study revealing the level of interest in positive investment in the United Kingdom, Ethex, 2017, p.7.
36 The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy, Barclays, 2015.
37 This is supported by other research which also found that lack of information was a key barrier, for example see: Understanding the Positive Investor: A research study revealing the level of interest in positive investment in the United Kingdom, Ethex, 2017; and Social Impact Investment Attitudinal and Behavioural Research, Centapse, 2018.

What is driving those who are interested in sustainable investing? (56% of people)

Motivations

The key motivation cited by those most interested in sustainable investing is: *"I have a responsibility to do my part and make the world better, and I want my investment choices to make a difference"*.

Enablers

The top enablers that this group say would make them more likely to make sustainable investments (in order) are:

1. Greater availability of products
2. A recommendation by an investment or professional financial adviser
3. Improved technological solutions to facilitate investment
4. A recommendation by friends or family
5. Guidance from a money advice website
6. Evidence that an investment would help protect the planet
7. More information about responsible and impactful investment

Barriers

The strongest barrier reported is lack of information and knowledge about this type of investing.

What is driving those who say they are they less interested in sustainable investing? (26% of people)

Driver analysis found that there are five key factors that make those who say they are not interested unlikely to make such investments. These are:

- "I haven't invested before and I don't think I will"
- "I don't think I will have enough money to invest over the next five years"
- "I think it is too risky and I don't want to lose money"
- "I don't believe responsible and impactful investments will actually make a difference"
- "It is too complicated and/or I don't have the time to spend on researching the opportunities to make such investments"

These points speak to a challenge that goes beyond the sustainable investment market. Some people may not consider themselves to be investors, even if most actually are through their pension or savings. Raising awareness of how the financial system operates and the opportunities that exist for people to save and invest, even with smaller amounts, is necessary to encourage more sustainable investing across the UK public.

It is important to note that many people who say they would never invest sustainably do so because they "don't believe sustainable investments will actually make a difference". This is important for the investment industry to consider and speaks to the need to improve data and transparency in relation to social and environmental impact.

Considerations about return and risk are crucial

When asked to rank the top five most important factors they consider when making an investment, out of ten possible factors, 71% of people who are currently investing included potential returns and 65% included level of potential risk in their top five. One third of people put considerations of impact on people or the planet as one of their top five most important factors, despite most of the possible factors being about financial considerations.

More than half of people say they would be likely to make a sustainable investment if the returns were likely to be similar to returns for traditional investments. This is slightly lower than the finding by Barclays that 7 in 10 respondents want their money to do some good and provide them with a return.[38]

Additionally, 28% of people, rising to 39% for those with investable assets over £25,000, indicated that they would make a sustainable investment - even if the returns might be lower - if it made a difference to something they really cared about. This demonstrates the strength of people's motivations to contribute positively to people and the planet, even if this might be at the expense of financial gain.

Workers at IHS Zambia, the sole and leading independent telecommunications tower operator in the country.

38 The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy, Barclays, 2015, p.12.

Bridging the gap: enabling the UK public to invest in line with their values

3

3. Bridging the gap: enabling the UK public to invest in line with their values

The survey results show that there is a disconnect between the stated aspiration and reality of where the UK public's money is invested.

Those currently most likely to invest, with investable assets over £25,000, are most likely to be interested in sustainable investing, while millennials, who are the investors of the future, clearly demonstrate strong interest. Overall, 70% of people say that they want their investments to avoid harm and achieve good for people and the planet. Yet overall only 13% of people state that they currently have investments which are sustainable.

While opportunities to make sustainable investments are increasing, it is clear that the industry can go further to respond to the current and future demand and satisfy those who want their investments to be sustainable.

To understand why a gap exists, the survey explored what the UK public perceives as being the barriers to investing sustainably and what they think would enable them to make more sustainable investments (presented in Section 2.3).

Drawing primarily on these results, alongside additional public feedback received through online forms and public events, it is clear the five key changes that the UK public identify that would enable them to make sustainable investments are:

1. **Increase the availability of sustainable investment products**
2. **Improve accessibility through key investment channels**
3. **Raise standards on approaches to sustainability**
4. **Provide risk and return information across the spectrum of capital**
5. **Share information about sustainable investing**

This section explores each of these areas by summarising key insights from the public research and outlining trends and current market activities across the areas that the public say matter to them. There are positive market trends across all areas, but there are also opportunities to do more.

3.1 INCREASE THE AVAILABILITY OF SUSTAINABLE INVESTMENT PRODUCTS

According to the survey, 55% of people say that greater availability of sustainable products would make them more likely to make a sustainable investment. Of all the factors that would make people more likely to make a sustainable investment, this was the most frequently stated by the 56% of people who say they are interested in making a sustainable investment.

The UK public hold a range of different investments and savings. 82% of people surveyed say they have a pension (either a workplace or personal pension). More than half of the respondents say they have an ISA. Fewer people say they have a direct portfolio of investments (18%) or invest through crowdfunding or peer-to-peer lending (8%), but it is still a significant number.

However, only 13% of people report that one or more of the investment products they hold are sustainably invested.

This suggests that there may not be enough sustainable investment products available to people or, where there are, that people do not know that this is an option available to them. This section explores the availability of sustainable products.

The sustainable investment market is growing

The sustainable investment market is evolving at pace. The current spectrum of available products is sufficiently broad to cater to a range of investor types and interests, from those holding their savings in cash, to people investing in mainstream investment funds, to those making specialist impact investments. Sustainable products are being offered by some of the City's oldest institutions and by brand new start-ups.

The Investment Association, whose members manage a total of £7.7 trillion, estimate the size of the UK sustainable investment market to be £2 trillion.[39] The Investment Association estimates that a further £1.4 trillion of AUM is managed by UK managers that are not Investment Association members, some of which may be sustainably invested. We know, therefore, that **at least 22% of the total UK asset management industry is now sustainably invested.**[40]

39 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association September 2019.
40 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association, September 2019.

The growth of sustainable investing across the world

According to the Global Sustainable Investment Alliance (GSIA) 2018 Investment Review, the world's sustainable investment market is now valued at £22.8 trillion, a 34% increase in two years.[41]

Europe has historically been at the forefront of driving growth and has the largest sustainable investment market, now valued at £10.4 trillion. The UK is seen as a frontrunner within Europe. For example, integrating ESG considerations into investment decisions by professional investors has grown by 76% in the UK between 2015 and 2017, compared with 60% in Europe.[42]

The US has been steadily catching up with Europe over the last few years and now has a sustainable investment market worth £8.9 trillion.

Japan has also significantly increased its sustainable investment in recent years, reporting annual compound growth of 308% since 2014 (largely attributable to the Japan Pension Investment Fund, one of the largest pension funds, pledging a commitment to sustainable investing in 2015). The Japanese sustainable investment market is now valued at £1.6 trillion, up from £5 billion in 2014.[43]

So far the global growth of sustainable investments has been largely attributed to institutional investors. However, the GSIA estimated in early 2018 that 25% of the total sustainable investing market was attributed to retail investor money, up from 11% in 2012. As public awareness and interest grows, and new opportunities to invest are made available, retail investors are expected to drive further growth in the sustainable investment space.

The majority of UK retail investor portfolios are invested by investment managers in publicly-listed companies' equities and bonds (see Figure 12). Smaller amounts of money are invested in alternative investments such as non-residential property and other funds, such as private equity, infrastructure funds, hedge funds and venture capital. People in the UK also have £1.3 trillion held in different forms of cash (either in notes and coins, current accounts, savings accounts or cash ISAs).[45] Cash is an important asset class for people in the UK, especially for those with fewer investable assets at their disposal.[46]

41 Based on figures from the Global Sustainable Investment Review 2018, GSIA, 2018, stated in dollars and converted using the fx USD/GBP mid rate of 31.12.2017

42 Based on figures from European SRI Study 2018, Eurosif, 2018

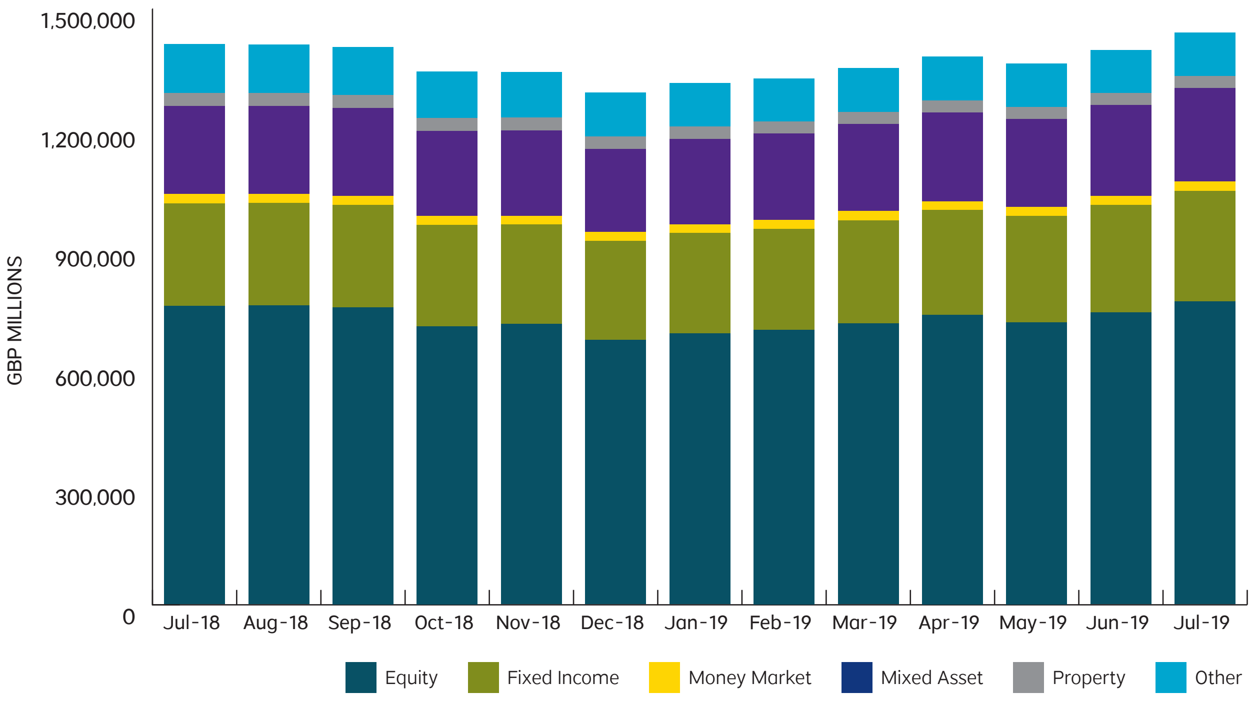
43 Based on figures from Global Sustainable Investment Review 2018, GSIA, 2018 stated in dollars and converted using the fx USD/GBP mid rate of 31.12.2017

44 Based on figures from Funds Under Management, The Investment Association website, Accessed at: 12.09.19

45 Based on figures from Savings Statistics, Building Societies Association website, September 2019, accessed at: 12.09.19

46 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association September 2019.

Figure 12: UK Funds Under Management[44]



Opportunities to invest sustainably in equities and bonds exist across the spectrum of capital

Moving capital at scale, meeting the demand that exists from the UK public for sustainable investing and contributing to achieving the SDGs, all require focusing heavily on equities and bonds, as these are the asset classes in which the UK public are most likely to invest.

Figure 13: The Spectrum of Capital Framework[47]

(Expected) financial performance	← Competitive risk-adjusted financial returns →			Disproportionate risk-adjusted returns
Illustrative motivations	"Aware of potential negative impact, but do not try to mitigate it"	"To mitigate risk"	"To align with long-term sustainable growth drivers"	"To help tackle climate change" "To help tackle the eduation gap"
(Expected) effects on people and planet	May have negative outcomes for people and the planet	Act to avoid harm Mitigate or reduce negative outcomes for people and the planet	Benefit stakeholders Generate positive outcomes for people or the planet	Contribute to solutions Generate substantial positive change for otherwise underserved people or the planet
		Efforts data (focus of ESG) as proxy for mitigation/reduction of negative outcomes for people and the planet	**Outcome data** demonstrating positive outcomes for people or the planet	**Impact data** demonstrating substantial positive change for otherwise underserved people or the planet

Investments can be made into equity and bond funds which have a range of sustainability characteristics. The Spectrum of Capital framework (Figure 13) is useful to describe different sustainability strategies, and includes approaches that:

- **Act to avoid harm** (often referred to as 'responsible'): investors seek to mitigate or reduce negative outcomes for people and the planet, such as by avoiding investing in certain companies and industries that are particularly harmful, like the tobacco industry;
- **Benefit stakeholders** (often referred to as 'sustainable' or 'ESG integrated'): investors aim to generate positive outcomes for people or the planet by integrating sustainability considerations into an investment process, or identifying "best in class" companies in a sector in which to invest; or
- **Contribute to solutions** (often referred to as 'impact'): investors aim to generate substantial positive change for otherwise underserved people or the planet, such as through investing in low-cost healthcare in poor countries.

3D Investing, which aims to track all of the sustainable investment funds available to retail investors in the UK, lists over 230 funds available for people to invest in.[48] This demonstrates the breadth of opportunities available to the public.

Three funds are profiled below to provide a sense of what is available in the market and how fund sustainability approaches differ across the spectrum of capital. All of these funds touch the lives of people living in developing countries due to the global nature of many of the companies they invest in.

ASI UK Ethical Equity Fund

Provider: Aberdeen Standard Investments

Product: UK Ethical Equity Fund

Style: Active

IMP Spectrum of capital (SOC) Classification: Act to avoid harm - responsible investment (ESG-screened investment fund)

Investment approach: Long-only equity fund with deep integration of ESG matters to create additional value

The Aberdeen Standard Investments UK Ethical Equity Fund aims to invest in UK companies that have a potential for long-term growth, provided they adhere to their ethical criteria, which include consideration of a company's ESG risks, whether it seeks to do the "right thing" by its employees and customers, and whether it fosters a working environment that is both diverse and inclusive. They also engage in active stewardship with all of their investees.

The fund was launched in September 1998 and currently has approximately £326 million of AUM.

47 Source: Impact Management Project (IMP)
48 Fund count provided by 3D Investing and detailed in: The Good Investment Review, 3D Investing / Good with Money, April 2019.

Sustainable Future Global Growth Fund
Provider: Liontrust
Product: Sustainable Future Global Growth
Style: Active
IMP SOC Classification: Benefit stakeholders - sustainable investment
Investment approach: Long-only equity fund with deep integration of ESG to create additional value

The Liontrust Sustainable Future Global Growth fund seeks to invest in a broad range of global companies, provided these companies meet Liontrust's criteria for sustainability and social responsibility. Liontrust's process of selection is to identify opportunities that generate strong returns while also benefitting society, such as long-term transformational developments in technology or medical advancements.

Since its inception in 2001, the fund now has £386 million of AUM. Despite being a global fund, there is a strong tilt towards companies located in the US (55.7%) with the remainder in other developed economies such as the UK, Germany, Japan and Switzerland.

Positive Change Equity Fund
Provider: Baillie Gifford
Product: Positive Change Equity Fund
IMP SOC Classification: Contribute to solutions - impact investment
Style: Active
Investment approach: Long-only equity fund investing in companies solving definable societal problems and committed to measuring impact

The Positive Change Fund is a concentrated global listed equity fund with the twin objectives of delivering strong long-term investor returns while also aiming to contribute towards a more sustainable and inclusive world. The particular areas of focus for the fund are: social inclusion and education, environment and resource needs, healthcare and quality of life, and base of the pyramid (addressing the needs of the world's poorest populations).

Established in 2017, the fund overall has £286 million AUM. The fund is concentrated, investing in 25-50 companies globally, across both developed and emerging markets.

Passively managed funds

The three case studies above are all actively managed funds, but passive (index tracking) equity funds also provide the UK public with opportunities for sustainable investment. This is the segment of the market where the highest growth of newly invested capital is occurring.[49]

Passive funds, by definition, track a given market index. One approach for those offering passive funds to increase the availability of sustainable options is to reduce the exposure to a particular ESG factor by tracking an index whereby the constituents (investee companies) have been adjusted accordingly. One example is the UBS Gender Equality ETF which invests in the Solactive Equileap Global Gender Equality 100 Leaders Net Total Return Index. This index tracks the best companies based on 19 gender criteria.

This approach can be applied across more than one asset class. For example, LGIM offer passive investors a multi-asset responsible investment option through its Future World Multi-Asset Fund. The fund invests in a range of assets by tracking future world indices, like the Future World Climate Change Equity Factors Index and Gender in Leadership UK Index. These indices have a tilt towards companies seeking to make positive change on sustainability issues.

Sustainability-focused bonds

It is possible to purchase bonds raised by corporates that have a good sustainability profile generally, but increasingly, investors can buy debt instruments designed to raise funds explicitly for projects and businesses that have a positive environmental or social impact in the developing world. These can be issued by a range of organisations and bodies, including governments, banks, corporations and social organisations. Examples of sustainability-focused bonds include:

- **Green bonds (climate bonds)** - bonds specifically earmarked to be used for climate and environmental projects.
- **Blue bonds** - ocean financing instruments whereby funds raised are earmarked exclusively for projects deemed ocean-friendly.
- **Wildlife bonds (e.g. the Rhino Bond)** - where funds raised are earmarked for wildlife protection.
- **Social bonds** - bonds specifically earmarked for a defined social purpose.
- **Masala bonds** - used to advance private sector development in India.
- **Multilateral development bank bonds (e.g. World Bank bonds)** - where proceeds are used to finance projects with positive social and economic impact in developing countries, some of which are SDG index-linked.

49 An actively managed investment fund is a fund in which the manager or management team makes decisions about how to invest the fund's money. A passively managed fund, by contrast, simply follows a market index. It does not have a management team making investment decisions.

Growth of the green bond market

The first green bond was a climate bond issued by the European Investment Bank in 2007. Since then the green bond market has grown rapidly with the total issuance since 2007 estimated to now be over £400 billion. The geographic breakdown of the green bond issuance is summarised in Figure 14 below.

The first emerging markets green bonds were issued in South Africa in 2012. Emerging markets green bond issuance now accounts for about a quarter of total issuance to date. China is the largest issuer of emerging markets green bonds, while India, Brazil and Indonesia are among the other emerging market countries who have also issued green bonds in recent years.[50]

Figure 14: Cumulative regional green bond issuance since 2007[51]

Region	Green bond markets	Issuers	Amount issued (USDbn)	Change 2017-18
Africa	4	11	1.8	↓
Asia-Pacific	18	222	120	↑
Europe	22	193	190	↑
Supranationals	-	11	66	↑
Latin America	7	24	7	↓
North America	3	167	137	↓

Note: *Cumulative data as of 31 December 2018*

It is not possible for members of the public to invest directly into all of these bonds. It is feasible for institutional investors managing money on behalf of retail investors, such as pension funds, insurance companies and banks, to do so.

Compared to equities, bonds are an effective tool for focusing on sustainability and impact because they can be issued for a specific 'use-of-proceeds', and there is the capacity and transparency to measure their outcomes directly. Greater clarity around global green and social bond standards could help more precisely define which projects qualify as "green" and help grow the market over the long run.

Women sorting coffee beans in Ethiopia.

Increasing investment opportunities in developing countries

There is a strong appetite among the UK public for investments which help solve global challenges, with people citing that protecting the planet and lifting people out of poverty are key motivations for making sustainable investments. Furthermore, there is interest among the UK public for their money to invest in places like Africa, with particular interest from millennials and people with investable assets over £25,000.

Emerging market economies have grown considerably over the last 40 years.[52] Today they make up 55% of the world's gross domestic product (GDP), meaning their share of world economic output has risen by 25% since 1980.[53] Most investment strategies pursued by UK-based investors continue to have relatively little exposure, typically no more than 10%, in emerging markets. Frontier markets, such as Bangladesh, Nigeria and Senegal, receive even less investment from UK investors.[54]

However, there is a small but growing number of funds which offer an opportunity to invest directly into frontier markets. There are approximately 21 frontier market funds available to UK retail investors, with a total value of £6.2 billion. This figure has grown since 2016, when there were 16 funds with a total value of £3.1 billion.[55] Many of the world's poorest countries are in Africa. There are approximately 9 funds available to UK retail investors which invest exclusively in Africa. These have a total value of approximately £500 million. Examples include the Alquity Africa Fund profiled on page 37.

50 Green Bonds: The State of the Market 2018, ICMA Group, 2018.
51 Green Bonds: The State of the Market 2018, ICMA Group, 2018, p. 5.
52 For the purposes of this report, when referring to emerging markets, these are those defined by the MSCI Emerging Market Indexes.
53 Research Institute, Summary Edition Credit Suisse Global Investment Returns Yearbook 2019, Credit Suisse, February 2019
54 For the purposes of this report, when referring to frontier markets these are those listed in MSCI Frontier Market Index
55 Morningstar Direct. Data as at September 2019

Azuri Technologies providing solar energy access and employment to rural families financed by UK investors through Energise Africa. Photo Credit: Azuri Technologies

Alquity Africa Fund

Provider: Alquity

Product: Africa Fund

IMP SOC Classification: Benefit stakeholders - ESG integrated investment

Style: Active

Investment approach: Long-only equity fund using consideration of ESG factors to create additional value

The Alquity Africa fund makes equity investments in companies that are listed on African stock exchanges, aiming to deliver long-term capital appreciation for investors. The fund does not follow any benchmark and currently a majority of the fund is invested in companies listed in Egypt (45.4%), Morocco (18.2%) and South Africa (15.2%), but it is also invested in companies listed in Nigeria, Namibia, Botswana and Tunisia.

Alquity incorporates ESG considerations into every investment decision, including waste management, energy and water, carbon emissions, conflict minerals exposure, labour rights policies and supply chain management. Alquity's long-term aim is for the companies it invests in to adhere to the Ten Principles of the UN Global Compact. It also undertakes strategic engagement with all companies it invests in. Alquity has contributed a minimum of 10% of its fees to charitable causes within Africa. Since its inception, Alquity has donated a total of £1.5 million, of which £608,000 is derived from the Africa fund to its 'Transforming Lives Foundation', which allows Alquity to actively participate in the economic development of the communities in which it invests. To date, these donations have helped transform over 40,000 lives in the region.

The fund was launched in 2010 and is currently valued at £8.6 million.

To enable people in the UK to invest more directly into the world's poorest countries, the pool of investable assets will need to expand significantly. This means deeper public equity markets, with a greater number of large companies listed on local stock exchanges. For sustainable investors, reliable data on the ESG characteristics and performance of these companies will also be necessary. Such investments are only likely to represent a small proportion of most retail investors' portfolios for the foreseeable future.

Opportunities do exist for members of the public to invest directly into developing countries, for example Alquity Africa Fund, but the pipeline of investable opportunities in developing countries remains too small for most people in the UK to invest their money easily.

DFID's role in developing investable opportunities in developing countries

To grow the pipeline of investable opportunities in developing countries, DFID invests in private sector enterprises in the developing world and works with country governments to build stronger enabling environments for economic activity. For example, DFID contributes to economic growth through:

- CDC Group, the UK's Development Finance Institution, which supports the building of businesses throughout Africa and South Asia to create jobs and make a lasting difference to people's lives;
- The Private Infrastructure Development Group, which aims to combat poverty in the poorest and most fragile countries in the world through investing in pioneering infrastructure; and
- FSD Africa, which aims to strengthen Africa's financial markets by providing early-stage, risk capital to breakthrough African firms.

DFID also helps to create an enabling environment through which businesses in Africa and Asia can grow, and to encourage investors into these markets. For example, DFID has partnered with the Bank of England to provide training and technical assistance to central banks in South Africa, Ghana and Sierra Leone. It is helping local businesses to trade, and helping countries in Africa and Asia to build open and transparent institutions, to make it easier for companies to do business and invest to reduce poverty.

Life-changing progress comes from growth that transforms economies, that creates productive jobs and private sector investment, and that spreads benefits and opportunities right across society. This is essential to eradicate extreme poverty, deliver the SDGs and end reliance on aid.

Sustainable investing in alternatives and through crowdfunding

An alternative investment is a financial asset that does not fall into one of the conventional equity, bonds, or cash categories. Private equity or venture capital, hedge funds, property, and commodities are all examples of alternative investments. Real assets such as property and infrastructure are often classified as alternative investments, despite being one of the oldest forms of investment.

There has also been a growth of impact-seeking related crowdfunding platforms in the UK, including Triodos Bank, the first UK bank to launch a crowdfunding platform in February 2018, Seedtribe, an angel investor-led equity crowdfunding platform dedicated to impact, and Abundance, which is profiled below.

There are increasing ways for people to invest in property and infrastructure in a sustainable way. Social and environmental infrastructure investments accounted for approximately £51.1 billion (60%) of the UK retail impact investing funds universe (£87.3 billion) in 2017, according to Worthstone.[56]

Abundance is a UK-based online investment platform which offers ethical and socially beneficial investments with a focus on the transition to a Net Zero economy. Abundance enables investors to fund companies and projects within the energy, energy efficiency and housing sectors through the full lifecycle of development, construction and operation. Investments for as little as £5 are made directly, in the form of tradeable debentures, which can also be held within an Innovative Finance ISA or Self Invested Personal Pension (SIPP). Abundance launched in 2012 and since then its 6000 investors have raised more than £94m for more than 40 projects across the whole of the UK. Abundance Investment is authorised and regulated by the FCA.

Sustainable banks provide ways to save cash sustainably

It is possible to save cash in a sustainable way by banking with institutions that only lend money to businesses and people that have a positive impact. One example is Triodos Bank, which offers current accounts, everyday savings accounts, regular savings accounts, fixed rate bonds and tax efficient ISAs. Examples of businesses and community projects they support include financing an organic and fair trade wholefood producer, and the development of a wind farm.

Pension schemes are increasingly considering sustainability

The most common way for someone in the UK to invest in financial markets is through their pension. DWP recently brought in regulations that make it obligatory for trustees of schemes with over 100 members to update their Statement of Investment Principles (SIP) to cover policies in relation to:

- Financially material considerations (including financially material ESG considerations);
- Extent to which non-financial matters are taken into account (e.g. views of members, quality of life considerations)
- Exercise of rights attached to the investments (including voting rights); and
- Undertaking engagement activities in respect of the investments.[57]

Some pension schemes have already taken the lead on incorporating sustainability considerations into the way they invest. Examples include Merseyside Pension Fund and Brunel Pensions Partnership. Pension providers such as LGIM and Aviva are making sustainable investment options available to pension savers. Major auto-enrolment pension scheme providers are also taking sustainable investing seriously, including the National Employment Savings Trust (NEST) and The People's Pension. These are profiled below:

Defined benefit pension schemes

Merseyside Pension Fund is the fifth largest local government pension scheme in the UK with around £9 billion AUM. The Fund has an established responsible investment policy which has three components:

- exercise of stewardship across asset classes, including shareholder voting rights;
- engagement with companies on ESG issues; and
- collaboration with like-minded investors, including other asset owners, and ESG-aligned investment managers and service providers.

Merseyside has made a series of sustainable investments, including impact investments, across asset classes since 2012. This includes investments in Bridges Social Impact Bond Fund and a small and medium-sized enterprise (SME) loan fund with Funding Circle. Merseyside has deployed over £250 million of capital financing renewable energy infrastructure. In 2019, they committed £400 million to a new climate-friendly, multi-factor fund, developed in collaboration with FTSE Russell and State Street Global Advisors, as part of their strategy for managing ESG risks.

Brunel Pensions Partnership Limited is a defined benefit local government pension pool which represents 700,000 employees of nine local authorities and the Environment Agency. They have circa £30 billion AUM across 25 portfolios in different asset classes.

Across all asset classes, Brunel actively seeks investment opportunities that deliver impact as well as meeting risk and return requirements. In listed equities, Brunel is invested in several thematic funds, particularly within the environmental sustainability space. Brunel also has a private market allocation which seeks impact oriented products. Recently, for example, Brunel made a £48 million cornerstone investment in the Neuberger Berman Private Equity Impact Fund; this fund makes direct investments in companies which deliver environmental or social impact in lockstep with financial returns, and also invests in specialist impact investing funds.

"We set high standards for fund managers to present authentic strategies and reporting"
Faith Ward, *Chief Responsible Investment Officer,*
Brunel Pensions Partnership Limited

56 Mapping the UK Investment Retail Market: Report to Advisory Group to UK Government on social impact investments, Worthstone, November 2017.

57 Clarifying and strengthening trustees' investment duties: Government response, The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 (now the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018), September 2018.

Defined contribution pension schemes

The People's Pension is a £7 billion multi-employer defined contribution scheme which also manages the savings of auto-enrolled pension schemes. It began investing in a new multi-factor fund that aims to reduce exposure to fossil fuels in late 2018. The in-house team developed the global equity index with MSCI and State Street Global Advisors, and the scheme currently has £1 billion invested in this approach. It forms part of the master trust's default option, so the vast majority of its 4.5 million members have savings allocated to it.

NEST is a pension scheme set up to facilitate auto-enrolment in 2012. It has over 8 million members, making it the biggest scheme in the country by membership, with £7.4 billion AUM. NEST offers an ethical fund option for members, which invests in:

- shares in companies that are seen to have an overall positive effect on the world;
- ethical corporate bonds;
- Government conventional and inflation-linked bonds; and
- sustainable property in the UK.

However, only 1% of members are enrolled in NEST's ethical fund and consequently it only has approximately £25 million AUM. NEST has started communicating the link between people's money and impact on the world in their annual report, including how much has been invested into companies that are positioned to transition to a low carbon economy.

As many as 99% of NEST members remain in the default fund.[58] Consequently, NEST is taking steps to raise ESG standards for this default fund.

"We know that most people do care about where their money goes but won't actively do anything about it, so we are aiming to raise our ESG standards in our default fund"
Diandra Soobiah, NEST

France offers an example of how pension funds could consider evolving their sustainability attributes even further. In France, the 90/10 'Solidarity' pension fund model invests 10% of capital in unlisted companies and organisations with a 'solidarity label' acting in the fields of employment, social housing, environment and international solidarity. These include impactful local enterprises, community finance organisations and employee-owned cooperatives. The amount invested through the Solidarity pension fund has grown significantly from €200 million in 2002 to over €6 billion by 2016, mainly thanks to a law introduced in 2008 requiring all French companies deploying corporate savings plans to offer the Solidarity pension fund model as an option.[59]

Policy and regulation on sustainable finance

Policymakers are increasingly considering how ESG factors can affect long-term value, which could increase the availability of these products over time.

The UK was one of the first countries to formally endorse the recommendations published by the Financial Stability Board's private sector Task Force on Climate-related Financial Disclosures (TCFD) in June 2017.[60] TCFD is one of the most influential international efforts to recognise the need to integrate climate and environmental factors into mainstream financial decision-making. TCFD supporters now manage almost £94 trillion of assets.[61]

In July 2019, the Government published its Green Finance strategy, which sets out an ambitious vision for greening the financial system.[62] As part of this Strategy, it announced a set of steps to encourage climate-related financial disclosures to become accepted practice by 2022, including working with regulators to ensure a coordinated approach through a new joint taskforce.

The FCA, Financial Reporting Council (FRC), TPR and the Prudential Regulation Authority (PRA) published a joint statement in July 2019 recognising the relevance of climate-related financial factors to their mandates and the importance of a collective response.[63] The Government will work with these regulators through a taskforce to examine the most effective way to approach disclosure, including exploring the appropriateness of mandatory reporting.[64] This builds on a range of work by these organisations to consider climate risk including: the Climate Financial Risk Forum, co-chaired by the FCA and the PRA[65]; the Supervisory Expectation set by the PRA for banks and insurers to consider climate change[66]; and TPR's published guidance for trustees of defined contribution pensions schemes on sustainable investing.[67]

The Bank of England is carrying out ongoing work both domestically and internationally, to assess and raise awareness of the financial risks from climate change. It notably helped found the Central Banks and Supervisors' Network for Greening the Financial System (NGFS) and the PRA published a Supervisory Statement setting out how it expects banks and insurers to address climate-related risk.[68]

58 How to analyse auto-enrolment default funds, Defaqto, January 2017.
59 Designing a Social Investment Fund for UK Pensions: A Technical Paper, Big Society Capital, 2016, p.5.
60 Recommendations of the Task Force on Climate-related Financial Disclosures, TCFD, June 2017.
61 Task Force on Climate-related Financial Disclosures: Status Report, TCFD, June 2019.
62 Green Finance Strategy: Transforming Finance for a Greener Future, Department for Business, Energy and Industrial Strategy, July 2019.
63 Joint statement on climate change, Prudential Regulation Authority, Financial Conduct Authority and The Pensions Regulator, July 2019.
64 Green Finance Strategy: Transforming Finance for a Greener Future, Department for Business, Energy and Industrial Strategy, July 2019, p.7.
65 See Climate Financial Risk Forum, Financial Conduct Authority, August 2019.
66 Supervisory Statement | SS3/19, Enhancing banks' and insurers' approaches to managing the financial risks from climate change, April 2019.
67 A guide to Investment governance, The Pensions Regulator, June 2019.
68 See the first report by the Network: A call for action Climate change as a source of financial risk, Network for Greening the Financial System, April 2019.

At a European level, the European Union (EU) is also considering how to manage financial risks stemming from climate change, enhance disclosures, and encourage sustainable investment through the European Commission's Sustainable Finance Action Plan, which launched in May 2018 in response to the Paris Climate Agreement.[69] The UK has been closely involved in this work and endorses these objectives. The UK will continue to use its knowledge and expertise to support the EU's objectives on Sustainable Finance and has included this in the Financial Services (Implementation of Legislation) Bill to ensure the Government has the option of onshoring the EU's proposals into UK law.[70]

The European Securities and Markets Authority (ESMA) is also consulting on whether ESG factors should be incorporated into relevant regulation governing asset and wealth management, including the Markets in Financial Instruments Directive II (MiFID II), Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment Transferable Securities V (UCITS).[71]

Building on good practice in the market

The £2 trillion sustainable investment market represents approximately 22% of the total £9.1 trillion of AUM in the UK.[72] This indicates that, while the market is growing at pace, there is still some way to go before there are enough products in the market to satisfy the latent demand that exists from the UK public. The UK's financial sector could better position itself to respond to the customer demand for sustainable investing. Current demand, which is even more pronounced for wealthier customers, is expected to grow still further as millennials accrue greater assets. The research identified some industry actions that will help grow the pipeline of quality sustainable investment opportunities:

- **Building new products across asset classes** - There is scope to build new sustainable investment products across all asset classes. Investment managers looking to build new products could learn from good practice in the industry, such as from funds that receive high ratings from organisations like 3D Investing and Fund EcoMarket.
- **Integrating with traditional portfolio construction** - Sustainable investment products that have a risk-adjusted market rate return (predominantly in equities and bonds) can be easily incorporated into the traditional approaches for portfolio construction because they look and feel like traditional investment funds. It is possible for these products to be benchmarked against mainstream indices and listed on standard platforms. The challenge is for these products to develop a sufficient scale and track record to be selected by professionals operating on behalf of retail investors.

  It is currently more difficult to integrate smaller, specialist impact investments into a standard asset allocation. Many specialist impact investment products do not meet investment managers' requirements in terms of size, risk, returns and liquidity.
- **Building passive funds around sustainability benchmarks** - Passive investment funds are attracting large volumes of capital from retail investors. It is possible for more passive funds to be built to invest in those companies that score well in emerging corporate sustainability benchmarks. One example is the Corporate Human Rights Benchmark (CHRB), which assesses and ranks 200 global companies on their approaches to human rights across their operations and supply chains, in the agricultural products, apparel, extractives and tech-manufacturing sectors. CHRB is in the process of integrating with the WBA, which was formally launched in 2018 to develop high-quality corporate benchmarks, with a deep focus on contributions to the SDGs. Over the coming years it will house benchmarks spanning 2,000 keystone companies, in sectors that are critical to achieving the SDGs.
- **Evolving pension fund approaches to sustainability** - Following the examples of NEST and The People's Pension, more pension funds could be invested in a sustainable way.

3.2 IMPROVE ACCESSIBILITY THROUGH KEY INVESTMENT CHANNELS

Better accessibility to sustainable investments through key channels would make it easier for more people to choose sustainable investments

Although it is necessary for more quality sustainable investment products to be made available, sustainable investing opportunities already exist, as described above. This suggests that improving availability of products alone will not enable more people to make investments unless people can readily access them. People may want to invest in a sustainable way, but are only likely to do so if it is made easy for them.

The survey showed that 56% of people say they are interested in investing sustainably now or in the future, but there was a much higher response when people were given the option of being able to tick a box to make sustainable investments (68%). Similarly, when given the choice to select a sustainable pension option, more than half say they would do so. This indicates that if there were easy ways for people to select a sustainable option in their investment portfolio, ISA or pension, far more people would make their investments sustainable.

In response to the public feedback question *"What would make you more likely to make a sustainable investment?"* typical responses were:

> *"If it was easy to do (e.g. app on my phone) and/or I knew how to do it."*
> - Anonymous response from online feedback form

> *"An investment platform that was accessible and easy to use"*
> - Anonymous response from online feedback form

69 Communication From The Commission To The European Parliament, The European Council, The Council, The European Central Bank, The European Economic And Social Committee And The Committee Of The Regions Action Plan: Financing Sustainable Growth, Com/2018/097 Final, March 2018.
70 Green Finance Strategy: Transforming Finance for a Greener Future, Department for Business, Energy and Industrial Strategy, July 2019.
71 See: ESMA Submits Technical Advice on Sustainable Finance to the European Commission, European Securities and Markets Authority, 3 May 2019.
72 Investment Management in the UK 2018-2019: The Investment Association Annual Survey, The Investment Association, September 2019.

The survey results show receiving a recommendation by a professional adviser and technology solutions are key enablers that would facilitate investment.

Technology and sustainable default schemes are improving access to sustainable investments across a range of channels

Broadly, members of the public may make investments through three channels:

- **Execution-only:** where a person chooses to make an investment without receiving professional advice;
- **Advisory:** where a person receives advice on how they can make an investment (for example, from a financial adviser or via a robo-advisor[73]) and can decide whether to proceed with the recommendations or not; or
- **Discretionary:** whereby an investment is made on someone's behalf (for example, through a pension scheme or discretionary investment manager).

Findings from engaging with industry suggest that the sustainable investing landscape is likely to be difficult to navigate for members of the public across all three of these channels. Fund platforms do not readily signpost investors to sustainable investment products. Where they do, the proliferation of terms related to sustainable investing can confuse customers. Professionals are often reluctant to provide advice about sustainable products. This theme was also highlighted by the Implementation Taskforce.

Across all investment channels, however, examples of good practice exist and are explored further below. There has also been a noticeable shift in recent years towards digital as customers' preferred channel for the services they receive from financial institutions. This has led to the increasing prominence of robo-advisors in the investment and wealth management industry. Millennials in particular are using fewer face-to-face financial advisers than older generations, and are instead turning to apps and digital platforms.[74] Technology is increasingly used to better connect people with information and opportunities to invest sustainably.

Execution-only channels and platforms

People do not necessarily need advice before they invest. It is possible to make an investment in a sustainably-minded company or product through a broker or platform. Investment platforms are relatively new, but are a significant and growing distribution channel. In its market study, published in March 2019, the FCA found that the investment platform market had doubled since 2013, from £250 billion to £500 billion assets under administration (AUA).[75]

There are specialist platforms specifically catering for sustainable investments. The Big Exchange and Tickr are among those entering the investment platform market to make it easier for investors to identify and invest in sustainable investment funds.

The Big Exchange is an online platform and app that aims to allow anyone to invest in funds that aim to give them a financial return and make a positive social and environmental impact. The platform will allow people to invest in actively managed funds from across the sustainable investment spectrum. Funds will be given a gold, silver or bronze medal based on the quality of The Big Exchange proprietary impact methodology, which includes stock screening and selection process, impact reporting and exposure to controversies. The SDGs underpin the impact methodology, allowing customers to track how their funds support the SDGs in a simple and accessible way. It is due to launch in the autumn of 2019.

Tickr is a new investment app targeting socially responsible investors. Tickr offers users a choice of risk levels and a selection of 'themes' they can invest in: climate change, social impact and disruptive technology. Tickr only invests in listed markets and use their own methodology to create ETFs for those they want to invest in.

"Tickr is focused on user design, and intends to communicate impact through stories to their users, rather than aligning to Global Goals or providing KPIs that might not resonate with people" **Tom McGillycuddy,** Tickr

Advisory channels

New digitally-enabled market entrants such as Wealthify and Nutmeg offer "responsible" investment options through which investors can access a range of sustainable investment funds in line with their risk profile and financial objectives.

Nutmeg was established in 2012 and is a discretionary investment manager, with over £1.8 billion AUM. Nutmeg set up their first SRI portfolios in November 2018, which invest through ETFs. They work with MSCI to give all of their portfolios - whether they have a socially responsible focus or not - a range of scores for ESG principles. Nutmeg now manages over £100 million in over 7,000 SRI pots.

Wealthify was established in 2014 and began offering its services to UK investors in 2016. In 2018, Wealthify launched their five Ethical Investment Plans, which are made up of approximately 20 actively-managed ethical funds. These funds exclude investment in activities which are harmful to society and the environment, and only invest in organisations committed to having a positive impact on society and the environment. All their ethical fund providers have a level of independent verification embedded into their investment processes and are all signatories of the UN Principles for Responsible Investment (UN PRI).

73 Robo-advisors are a class of digital financial advisers that provide financial advice or investment management online with moderate to minimal human intervention, typically using mathematical rules or algorithms.

74 Where Millennials Turn for Financial Advice, Iona Bain, Financial Times, March 2019.

75 Investment Platforms Market Study Final Report, Financial Conduct Authority, March 2019.

However, when seeking financial advice, most people in the UK still seek to do this face-to-face as opposed to digitally. Of the 4.5 million people who took financial advice in the UK in 2018, only 3% did so through an online adviser.[76] Organisations like Worthstone and the UK Sustainable Investment and Finance Association (UKSIF) are helping advisers who are interested in making sustainable investment recommendations.

Discretionary channels

Pension funds represent the largest pool of discretionary capital in the UK. As outlined in section 3.1, there is a growing number of pension funds which are being invested to a high sustainability standard, in line with the ambitions of the DWP.

95% of defined contribution schemes members are invested in the scheme's default strategy.[77] Behavioural economics suggests that once people are enrolled in a pension option, they are unlikely to switch, because of consumer inertia and a likelihood that the scale of information they need to consider could lead to cognitive overload and decision paralysis. This suggests that unless a sustainably-invested fund is the default choice, or one of a limited choice range, members would be unlikely to find and enrol in the sustainable option, even if they say they want to.

As outlined in 3.1, some pension fund providers are already starting to incorporate sustainability into their available default options.

The HSBC Bank (UK) Pension Scheme is an example of a workplace pension scheme that has already defaulted its members into a sustainable investment fund.

HSBC Bank (UK) Pension Scheme has chosen to default its pension scheme members into LGIM's Future World Fund. This involved transitioning the £1.85 billion equity component of its defined contribution default investment strategy to the new fund.

The LGIM Future World Fund incorporates a climate 'tilt' into its strategy, which is embedded into the benchmark index and excludes companies in sectors contributing directly to global warming, such as coal mines. The component companies in this index have 69% fewer carbon reserves, 28% fewer carbon emissions and 105% more green revenue than those in the FTSE All World benchmark.

The scheme believed this was in the best interests of its members because:

- It aims to provide a better risk-adjusted return than for a conventional market capitalisation index;
- The inclusion of climate considerations give members greater exposure to companies which could be at less risk from climate change in the future, this is especially important as 60% of scheme members are under 40 years old and will be invested in the fund for decades to come;
- Due to the enhanced company engagement that LGIM will offer through its climate impact pledge.

Traditional private banks catering to high net worth investors, such as Lombard Odier, and specialist impact investment managers, such as Tribe Impact Capital, are increasingly offering sustainable investment strategies to their clients, managed on a discretionary basis. Both of these institutions are certified B Corps, which means they have been independently assessed as meeting high standards on their social, environmental and corporate governance performance.[78]

Building on good practice in the market

Across all the channels through which people make investments, there are opportunities to learn from existing good practice to strengthen the connection between members of the public and the growing number of sustainable investment products in the market. These might include:

- **Embracing technology as a tool to connect people with opportunities.** Specialist sustainability platforms such as Big Exchange and Tickr have leveraged technology as a tool to connect people with investment opportunities. Access to sustainable options could be improved in other areas of the market by learning from this. Clearer signposting and screening or filtering functions would go a long way towards investors being able to find and compare sustainable investment options more easily.
- **Building capacity for financial advisers, in line with the Implementation Taskforce recommendation.** The CFA Institute recently launched a Certificate in ESG Investing, which will help more advisers to feel informed and able to provide advice to investors on investing with sustainability considerations in mind.
- **Learning from evolving regulation** (notably initiatives under the European Commission's Sustainable Finance Action Plan), so that investment managers and advisers consider ESG factors in their investment decision-making and when providing advice to clients.
- **Considering sustainability in line with progressive pensions schemes,** such as the HSBC Bank (UK) Pension Scheme. The industry interviews also supported the Implementation Taskforce's analysis that sponsoring employers and pension trustees may require greater levels of education about sustainable investing. Guidance produced by organisations like the Pensions and Lifetime Savings Association and TPR is helpful in this regard.[79]

Given the survey found that people would be more motivated to save if they knew their money was being invested in line with their values, it is in everyone's interests that sustainable opportunities are communicated effectively to those whose money is being invested. The UK's financial sector has an opportunity to improve how it engages with its customers to enable more people to save and invest sustainably.

76 The changing shape of the consumer market for advice: Interim consumer research to inform the Financial Advice Market Review (FAMR) August 2018

77 The right default fund could have the same impact as doubling pension contributions, The Chartered Institute of Payroll Professionals, June 2019.

78 B Corp certifications are granted by B Lab to companies that have met a set of stringent ESG criteria including management of environmental footprint, people management, products suppliers and interaction of with whom they interact.

79 Such as: ESG and Stewardship: A Practical Guide to Trustee Duties, PLSA, June 2019, which provides step-by-step guidance for trustees to help them meaningfully consider, design and implement ESG and stewardship approaches; and A guide to Investment governance, The Pensions Regulator, June 2019.

3.3 RAISE STANDARDS AND DEVELOP COMMON APPROACHES TO SUSTAINABILITY

Transparency and trust around intended impact is critical

Growing the demand that exists for sustainable investing in the UK is not just about scaling the availability and accessibility of sustainable investment products, people also want to know about the quality of those products from an impact perspective.

The research finds that people in the UK want to be clear about how an investment will impact the world - how it will avoid harm or contribute positively to solutions to global challenges. 44% of people say that a barrier to making a sustainable investment was that they do not trust that financial institutions which claim to make a positive impact will actually do so. Over 60% of people agree that if they were provided with evidence of the impact an investment might have on people or the planet, this would make them more likely to make a sustainable investment.

Through the public feedback forms and events, people say that they are sceptical about sustainability claims. A desire for greater transparency about the difference investment opportunities are likely to make and how change will be affected is clear.

> *"I would not trust the comments made by those who claim to be making 'ethical' investments."*
> - Anonymous response from online feedback form

> *"[My] financial adviser says these investments are of dubious quality and impact"*
> - Anonymous response from online feedback form

Many people in the industry feel the same way. Several interviewees spoke about the problem of "greenwashing", whereby products are labelled as "ethical" or "sustainable", but are essentially old products repackaged and marketed to appeal to new customers. Some went as far as to express concern about a mis-selling scandal. However, there is also cause for optimism. There are a range of innovative and far-reaching initiatives raising the quality of sustainability products and bringing greater coherence to how sustainability attributes are measured and communicated to stakeholders.

> *"People change their investment behaviour when there is sufficient quality and transparency in the new products they are presented with"* .
> **Sir Roger Gifford,** Chair of the Green Finance Institute and Green Finance Taskforce

Companies are increasingly providing information on their sustainability credentials

The investment community's ability to make decisions about portfolio construction based on sustainability credentials, and to report on what is being achieved, is highly dependent on the qualitative and quantitative information available to them. Across the world, companies now report on multiple metrics related to sustainability-related risks, such as carbon emissions, natural resource usage, and policies relating to workers' rights and protection of vulnerable communities. This shift has been supported by changes to regulation and voluntary standards, such as the TCFD (see section 3.1).

A number of general and specialist frameworks have been created which companies can use to report on how they are mitigating potential harm that they might cause through their operations. Some of these have been funded by DFID, for example the GRI (for general non-financial risk reporting), Shift (for human rights risks), ShareAction's Workforce Disclosure Initiative (for workplace practice risks) and TCFD for climate reporting.

Some companies are going further than risk reporting and are increasingly seeing themselves as having a purpose beyond making money for their shareholders. The SDGs are more frequently being used to describe wider sustainability contributions and are seen as a useful unifying communication and measurement framework. In 2018, PwC found that 23% of companies globally disclosed meaningful Key Performance Indicators and targets related to the SDGs.[80]

Growth of third-party sustainability data providers

Some investment managers prefer to rely wholly or partly on ESG analysis carried out in-house. Others rely heavily on the data that ESG analytics companies provide.

The growth in sustainability reporting is fuelling an industry of specialist ESG analytics firms, such as Sustainalytics, Arabesque and Vigeo Eiris. Existing investment data providers like MSCI and FTSE Russell are broadening their range of services to include ESG analysis. Specialist social and environmental data providers are also on the rise, such as Equileap and Future Fit.

These data providers can combine analysis of sustainability reports, public news sources and NGO reports to provide investors with ESG risk assessments, enabling investment managers to carry out screening and research on potential investment opportunities at scale. This information can then be provided to investors to help them understand and assess the sustainability profile of an investment.

Impact management and reporting across value chains

In addition to sharing more data about sustainability risks, some companies and investors are also seeking to understand, manage and measure the "impact" that they are creating through their operations and the goods and services that they sell.

Concerted efforts are being made to create a globally recognised and standardised framework for managing, measuring and communicating impact. IMP, supported by DFID, is a global forum building consensus around norms for how to do this across the finance sector and sits at the heart of this drive.

80 'From promise to reality: Does business really care about the SDGs?', PwC SDG reporting challenge, 2018.

The Impact Management Project (IMP) is a forum for building global consensus on how to measure, manage and report impact. The IMP works with a community of over 2,000 practitioners to establish norms and share best practices in impact measurement and management. The IMP logic considers:

Dimensions of Impact:

- WHAT outcome, positive or negative, does the effect drive? Is that outcome important to the people experiencing the effect, or to the planet?
- WHO experiences the outcome and were they previously underserved in relation to the outcome?
- HOW MUCH of the outcome occurs? Does the outcome occur for many people and/or is the degree of change substantial? Does it last for a long time?
- CONTRIBUTION whether the investor or enterprise makes the outcome better or worse than is likely to occur anyway
- RISKS that the impact is different than expected

Impact data categories: these provide norms around the types of data needed to understand performance on each dimension.

Impact performance 'ABC': Data across the five dimensions of impact can be assessed as 'Acting to Avoid Harm', 'Benefitting Stakeholders' or 'Contributing to Solutions'. The total impact of an asset - or portfolio of assets - is the combination of its impacts on people and planet.

Investor's contribution: Investors can contribute to the impact of assets using four types of strategies, often in combination: (1) Signal that impact matters, (2) Engage actively, (3) Grow new and undersupplied capital markets and (4) Provide flexible risk-adjusted financial return.

Impact classes: Through combining the ABC assessment of the underlying asset(s) with the investor's contribution to impact, the impact class of an investment can be described and matched to the intentions and capabilities of different investors.

IMP also facilitates the **IMP Structured Network**, which is a global collaboration of organisations that are building consensus around standards in three areas:

- processes for managing impact ('Practice'),
- frameworks, indicators for measuring and reporting impact ('Performance'), and
- rating and monetisation ('Benchmarking')

The IMP's ultimate aim is to establish complete norms and guidance for impact measurement and management for investors and businesses.

A number of investment managers have developed sophisticated approaches to impact measurement and management, made possible by the increased availability of sustainability risk and impact data. Two examples are WHEB Group and Actis, profiled below.

The WHEB Group's mission is to advance sustainability and create prosperity through positive impact investments. WHEB has been developing funds for the mainstream investment market with an impact strategy for the past 14 years. In this time, WHEB has identified around 1,000 companies for its investment universe based on their impact criteria.

WHEB classifies companies in four categories based on the negative or positive impact they have on sustainability issues: degenerative, transitioning, mitigating and breakthrough. WHEB only invests in businesses that are classed as either 'mitigating' or 'breakthrough'. WHEB have nine investment themes, including five environmental themes (cleaner energy, environmental services, resource efficiency, sustainable transport and water management) and four social themes (health, education, safety and wellbeing). The team at WHEB have a long-term investment horizon and the average holding period for stocks in the strategy is five to seven years.

To communicate the impact of their investment strategy to their clients and investors, WHEB has developed: an impact microsite which houses an interactive tool that shows how the strategy maps to the SDGs; an impact map and methodology of their impact measurement; annual Impact Reports; examples of engagement case studies; and an Impact Calculator. Investors can type in the amount they have invested with WHEB on their website and see the positive impact associated with their investment and what their money is working towards achieving.

"The Impact Calculator is very popular with our clients as it helps them to understand the positive impact their investment can have in the real world and creates an emotional connection with their money."
- **Libby Stanley**, WHEB

Actis is a global platform offering a multi-asset strategy investing in private equity, infrastructure and real estate across Africa, Asia and Latin America. Since 2004, Actis has mobilised £12 billion of financing from institutional investors.

Actis has developed a comprehensive, open-source impact measurement framework, called the Actis Impact Score (AIS), which is based on IMP's five dimensions, and is aligned with the SDGs and International Finance Corporation's (IFC's) operating principles for impact management. Actis' investments are scored under what type of impact, how much impact, who is benefitting, and the counterfactual, with a multiplier factor then applied depending on activity type. Actis assesses the AIS at the outset of their investments and determines a forecast AIS that they aim to achieve by exit. Impact scores can be compared over time and against the intended impact at the outset of the investment. They can also calculate an impact multiple, which demonstrates how much the positive impact has increased during Actis' investment period. The AIS scoring allows them to directly compare positive impact across different asset classes and geographies.

Hermes EOS Stewardship Services is a leading stewardship platform with a focus on achieving positive change. Its team of engagement and voting specialists enable pension funds and other long-term institutional investors to achieve their fiduciary responsibilities. It provides corporate engagement services, best practice engagement, voting, portfolio screening and advisory services.

ShareAction works to unlock the power of the investment system to serve the long-term public interest and improve corporate behaviour on ESG issues. They promote advocacy for savers, charities, unions and faith groups and work to democratise the financial system so ordinary savers have more choice and a voice in how their money is invested. They work with some of the largest defined contribution pension scheme organisations, including big banks and supermarkets (e.g. Tesco, Diageo, HSBC and Barclays). ShareAction also work directly with pension savers promoting engagement through addressing: i) understanding of pensions, and ii) improving the scope for pension providers to listen and act e.g. through employer choice of pension.

Stewardship, voting and engagement

Impact can be enhanced through stewardship, voting and engagement, especially in the passive fund space, where investment managers do not have the same control over which companies a fund is investing in. Stewardship, engagement and voting are key tools for promoting better corporate behaviour.

Some investment managers choose to do this in-house, while others outsource their engagement activities to organisations like Hermes EOS Stewardship services. Many managers engaging in stewardship and engagement activities choose to work with ShareAction, a charity which works to use the power of investing to drive positive change in the world. ShareAction is especially focused on the lives of people living in developing countries through its work relating to global workplace practices.

Regulatory initiatives, such as the EU Disclosure Regulation,[81] the EU Shareholder Rights Directive II[82], and the FRC's' revised proposed UK Stewardship Code[83], are expected to bring about further transparency around how investment managers carry out stewardship, engagement and voting.[84]

While there are positive developments in promoting stewardship as a tool for effecting change, the industry interviews suggest that more could be done. Some of the world's major passive fund managers, in particular, are not always utilising the opportunity they have available to them to effect positive change through their engagement activities and voting records.

Efforts to clarify terminology and establish standard definitions and labels are underway

When managers are communicating the approach that they are taking to sustainable investing to members of the public and those who advise them, it would greatly help understanding if the language used by the industry was consistent.

81 Communication From The Commission To The European Parliament, The European Council, The Council, The European Central Bank, The European Economic And Social Committee And The Committee Of The Regions Action Plan: Financing Sustainable Growth, Com/2018/097 Final, March 2018.

82 Consultation on proposals to improve shareholder engagement, The Investment Association, Consultation Paper, CP19/7, January 2019

83 Proposed Revision to the UK Stewardship Code, The Financial Reporting Council, September 2019.

The Investment Association has been leading efforts in the UK market to agree an industry-endorsed set of standard definitions for the range of sustainable investment opportunities that exist.[84] The BSI and EU Sustainable Finance Action plan are exploring this area as well and will report in due course.

The Investment Association on "Clarity and consistency when talking about Sustainability and Responsible Investment"

In January 2019, the Investment Association, the trade body for the UK-based investment management industry, launched a consultation of its members on:

- Agreeing standard definitions: to propose definitions for the different sustainable investment approaches, including commonly used terms, such as ESG integration, impact investing, and negative screening, with the aim of agreeing an industry-endorsed set of standard definitions, to help savers better understand the opportunities available to them.

They also looked at:

- **Development of a UK product label:** a proposed voluntary UK product label designed to assist retail investors and their advisers to easily identify funds which have adopted a sustainable investment approach. The label would also draw attention to the sustainability and responsible investment expertise within the UK.
- **'Stock-take' of reporting frameworks:** a review on reporting frameworks used by investment managers to disclose how they embed ESG considerations into their investment process, and the impact that their investments have had on wider sustainability indicators.

The Investment Association plans to publish a report in autumn 2019 launching the industry-agreed framework for responsible investment approaches and including results from the consultation. This common language should make it easier for clients to know that their money is being put towards sustainable investments. Next steps include further exploration of the UK product label.

The British Standards Institute (BSI) "Finance Standardisation Programme"

The BSI is also carrying out complementary work in this space alongside the Investment Association through its Finance Standardisation Programme, which is part-funded by the Government.

This programme includes workstreams to:

- Create a Sustainable Finance Framework that will provide guidance on implementing principles and approaches to sustainable finance within financial services organisations;
- Creating a specification (or standard) around "Responsible and Sustainable Investment Management" which will set out requirements to establish, implement, and manage the process of integrating responsible and sustainability considerations into investment management.
- Finally, the BSI is refining the scope of a third workstream, that will seek to set out requirements for the assessment, governance, labelling and communication of funds presented as having sustainable credentials.

Building on good practice in the market

Momentum in this area is likely to be boosted by the newly established Impact Investing Institute which aims to promote increased transparency and comparability of impact investments as one of its stated four priority areas.[85] This suggests that progressing transparency and trust through improving the quality and evidence of sustainability approaches will continue.

Good practice identified includes:

- **The stewardship approaches of large investors influencing companies to be transparent** about their sustainability performance through initiatives like Climate Action 100+, the Carbon Disclosure Project and the Workforce Disclosure Initiative.
- **The IMP's** momentum, reach and vision for impact measurement and management. Its framework is rapidly becoming an industry standard with endorsements from the Government, UN, and Organisation for Economic Cooperation and Development (OECD), and with engagement from more than 2,000 investors.
- **Investment managers providing information about their sustainability profile** in their fund literature, including details about: their overall approach to sustainable investing, which investments are in and out of scope for sustainability reasons, their engagement, stewardship and voting activities (in line with the updated proposed UK

84 The Investment Association's Consultation on Sustainability And Responsible Investment, The Investment Association, January 2019.

85 The Impact Investing Institute, set up in 2019, aims to accelerate the growth, and improve the effectiveness, of the UK impact investing market, and will be supported by private firms and foundations alongside the Department for Digital, Culture, Media and Sport, the Department for International Development and the City of London Corporation.

Stewardship Code and EU Shareholder Rights Directive II), and, if appropriate, what impact has been created by their investees (both positive and negative). If all funds were required to provide a statement in their fund literature about how they take sustainability considerations into account it would build confidence in the industry. Such action would be in line with the EU's Sustainable Finance Action Plan requirements.

- **Investment Association's consultation on terminology and the BSI's Sustainable Finance Standardisation Programme** The output of the Investment Association's consultation is due to be launched in autumn 2019.This is a key opportunity to substantially clarify the terminology and language used to describe different sustainable investments both within the financial sector and with the UK public.

3.4 PROVIDE RISK AND RETURN INFORMATION ACROSS THE SPECTRUM OF CAPITAL

There is a widespread misconception that sustainable investing inherently requires taking on more risk and sacrificing financial return. However, a growing body of evidence suggests investing with sustainability considerations in mind reduces long term risk and protects returns.[86]

Writing in the Financial Times, Chief Investment Officer of UBS Global Wealth Management, Mark Haefele, shows the extent to which these assumptions are being challenged:

"If you aren't investing responsibly then you are investing irresponsibly."[87]

Despite increasing evidence and changing views, both investment professionals and potential customers express reluctance to embrace sustainable finance over concerns about risk and return. In 2017, research carried out by Morgan Stanley found that over half of professional investors believe that investing sustainably requires sacrificing returns.[88] Industry interviews suggested that many financial advisers and other intermediaries still share this assumption.

In our survey, 48% of people expressed reluctance to invest sustainably because of concern about losing money. This picture changed considerably based on expected risk and return, with over half saying they would make a sustainable investment if they knew that the return expectations were at least the same as other investments.

Contrary to those widespread assumptions that all sustainable investments are inherently riskier and provide lower returns, the business case for mainstream sustainable investing is empirically well founded. This was a conclusion of a study of over 2,000 empirical articles published in 2015, covering the spectrum of mainstream sustainable investing approaches, including ESG screening and ESG integration.[89] In their meta study, Arabesque and Oxford University concluded that it is in the best interests of investors and corporate managers to incorporate sustainability into decision making. Morgan Stanley recently studied the performance of over 11,000 ETFs and mutual funds, and found that not only was there no performance trade off compared to traditional funds, but the sustainable funds offered lower market risk, with 20% smaller downside deviation than traditional funds.[90] The return profile is unproven, or below market rate, for some specialist impact investments, but these represent a small sub-component of the retail sustainable investment market.

As in any other type of investing, considerations about return and risk in sustainable investment decisions are of critical importance to customers and investment managers. Over 70% of people ranked risk and return among the top five most important factors when making an investment decision. Alongside this, 30% of people also ranked impact on people and planet among the top five most important factors, despite the fact that most of the ten factors they had to choose from related to financial considerations.

Revising the narrative around the risk and return profile of sustainable investing is essential for unlocking demand and increasing investment flows towards achieving the SDGs.

Building on good practice in the market

Continuing to grow the evidence base for the risk and return profile of sustainable investing, across the spectrum of capital, will help to unlock more sustainable investing among the UK public.

3.5 SHARE INFORMATION ABOUT SUSTAINABLE INVESTING

Lack of clear and easy-to-understand information about sustainable investing

Creating more products, unblocking the channels through which people invest, raising standards of sustainability approaches and providing information on the risk and return of sustainable investments will all help towards unlocking the latent demand that exists for sustainable investing among the UK public. But unless better information about how investing works, and what makes sustainable investing different is shared, it will not be widely taken up by people.

Over half of the UK public (54%) say they do not feel they have enough information to make sustainable investment decisions. Only 13% of people feel they could explain what sustainable investment is, and nearly half of people say that they have not heard of it at all.

86 Friede, G., Busch, T. and Bassen, A. ESG and financial performance: aggregated evidence from more than 2,000 empirical studies, Journal of Sustainable Finance and Investment, December 2015.
87 Sustainable investing can propel long-term returns, Financial Times, Mark Haefele, September 2018.
88 Sustainable Signals: New Data from the Individual Investor, Morgan Stanley, Institute for Sustainable Investing, 2017.
89 From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance, Clark, G., Feiner, A., and Viehs, M., University of Oxford and Arabesque Partners, September 2014.
90 Sustainable Reality: Analyzing Risk and Returns of Sustainable Funds, Morgan Stanley Institute for Sustainable Investing, August 2019.

Those who are interested in this type of investing indicated that the strongest barrier to making sustainable investments was lack of information or knowledge. When asked what would make them more likely to make a sustainable investment, an online feedback respondent answered:

> *"Clear information from an unbiased, independent source"*, while another said:
>
> *"Being referred to it by a trusted professional or organisation such as Money Saving Expert"*.

In part, this speaks to a wider challenge within the UK around public education in relation to people's financial affairs and investing.

During events, industry interviews and roundtables, several people noted that there is no widespread culture of talking about money and investing in the UK. Those who say they were less interested in sustainable investing typically have lower levels of income (less than £29,000 a year) and cite lack of experience in investing, and lack of money, more frequently than the general population as a reason for why they lacked interest. Many people do not consider themselves to be investors, even though they may hold a workplace pension or other savings account. The challenge of disseminating information about sustainable investments is therefore compounded by a much broader lack of public understanding of investing and the financial system generally.

> *"I'm afraid I'm not knowledgeable in the financial world as I would imagine most people aren't, I find it totally baffling"*
> - Anonymous response from online feedback form.
>
> *"It's a cultural thing, especially in the UK, that people don't like to talk about their money"*
> - **Amy Clarke**, Tribe Impact Capital

The difficulty of finding clear and consistent information about sustainable investing does not just apply to the public. According to the interviews, many professional financial advisers also find the sustainable investment market difficult to penetrate due to its perceived complexity. Interviewees particularly commented on the confusing range of labels and terms.

Studies show that there are various behavioural biases which can affect the choices people make about their investments.[91] When faced with too much confusing information (often termed 'cognitive overload'), people will be likely to stick with what they know and be unwilling to shop around (status quo bias). This is true for investment advisers and investment managers, as well as for retail consumers.

As shown in section 2, although women are becoming increasingly wealthy, there is a gender investment gap. Meanwhile, many millennials say they are interested, but may be newer to investing and less experienced making investment choices.

Making easy-to-understand information available to people is critical to demystify sustainable investing and enable more people to make informed decisions, particularly those groups who might be less aware of the options available to them.

Clear and simple information about sustainable investing

Providing better information on what sustainable investment is and what products are available to people will help address the widespread gaps in understanding and awareness found in the survey. Critically, this information should make it easy for people to engage, for example, by using video or interactive features. Short and simple messages that enable people to quickly understand the impact their money can have, what their choices are and what specific actions they can take to change how they use their money, would be most effective. For example, Aviva has used a short video to explain concepts and options for how people can make their pension investments more sustainable.[92]

The 'super' pensions auto-enrolment system in Australia offers a further example of providing information to customers and making it easier for them to make choices about their pension. Like most UK defined contribution schemes, it allows people to choose which funds their 'super' pension is invested in. Information about the super funds is widely available to consumers in newspaper league tables and comparison websites. This helps people to be better informed and more engaged and also drives competition between the funds.[93] Many super funds also engage with their customers through polling on ESG issues. For example many of them survey all members at least every two years.[94]

Share information through accessible channels

Behavioural economics experiments have also proven that when options are communicated in targeted, personalised tech-based communications, they can be more effective. For example, Mercer shared a personalised, short video with employees about their pensions, followed by a link to their pension dashboard where they could change their contribution level. This resulted in more than two fifths of employees immediately increasing their pension contributions.[95]

There is an increasing number of dedicated spaces for information on sustainable investing on financial websites and media where people are likely to seek advice on saving, banking, investments and other personal financial choices. Dedicated sites, like Good With Money, provide tips and guidance for anyone wanting to invest in a sustainable way.

91 Erta, K., Hunt, S., Iscenko, Z. and Brambley W., Applying Behavioural Economics at the Financial Conduct Authority, Financial Conduct Authority, April 2013.
92 Can you protect the planet with your pension? video by Aviva, 2016', Available at: <https://www.aviva.co.uk/retirement/shape-my-future/plan-my-future/video/can-you-protect-planet-your-pension/>. Accessed at: 2.09.19; and What pension scheme members think about responsible investing, video by Quietroom, available at: <https://quietroom.co.uk/thinking/responsible-investing/>, Accessed at: 2.09.19.
93 Pensions down under - what we can learn from the Australians, Standard Life, 2018.
94 For example, Australian Super, see: Environmental, Social and Governance, Australian Super website, accessed at: 12.09.19. <https://www.australiansuper.com/investments/how-we-invest/esg-management>
95 Financial Communication - Finding the Perfect Fit, Mercer, 15 May 2017.

Good With Money is a personal finance website which provides information on how people can do good with their money, through savings, pensions, current accounts and credit cards. It works with 3D Investing to review the best in-class sustainable and ethical funds in the country and provides a directory of firms which have a commitment to environmental and social impact. The site runs blogs, webcasts, podcasts, downloadable guides and a weekly newsletter. The website is growing and currently has 17,000 page views a month and 3,500 active users.

The financial media is also increasingly featuring sustainable investment. The Financial Times recently launched "Moral Money", a weekly bulletin which provides news and analysis about sustainable investing.

Money advice websites and blogs provide information about investments and help people to understand the options available to them, but there is little guidance on such websites about sustainable investment options.

Building on good practice in the market

Information about sustainable investing is improving and increasing. Good practice is prevalent and it is likely that more messaging around sustainable investing will lead to a virtuous circle of more interest.

As recommended by the Implementation Taskforce, providing easy to absorb, accessible information about sustainable investing to wider audiences will help reach those who are unaware or less engaged.[96]

Wind turbines generating clean renewable energy in South Africa.

96 Growing a Culture of Social Impact Investing: Final Report, Implementation Taskforce, 2018, p.13.

4

Concluding remarks

4. Concluding remarks

People in the UK want to use their investments to help drive positive change in the world. This view is widespread and shared by people across the country, with different demographic characteristics, including the current and future customers of the financial services industry. As the wealth share of millennials and women continues to grow, the demand for sustainable investing opportunities is expected to grow still further. This requires a radical change in culture and behaviour among mainstream financial institutions as to how they engage with customers on their approaches to sustainability.

This represents a real commercial opportunity. The long-term climate risks for businesses are clear. The rapid development of the green economy in response to the climate crisis offers opportunities for investors to invest in new and different ways. The rapid economic growth of emerging markets in Africa and South Asia offers increasingly diverse and attractive possibilities.

Growing the sustainable investment market will require continuous work and commitment across the growing network of individuals and organisations committed to this aim. The Government has been a strong supporter of both the Green Finance Taskforce, chaired by Sir Roger Gifford, and the Implementation Taskforce on Growing a Culture of Social Impact Investing, chaired by Elizabeth Corley. Both of these taskforces have now been turned into more permanent institutes - the Green Finance Institute and the Impact Investing Institute. These will be key organisations in driving forward policy change and industry action.

Creating change also requires a sense of urgency. The possibility of a climate catastrophe is a real and present threat to the future of the planet and humanity. The Government has now declared a commitment to achieve net zero carbon emissions by 2050. Sustainability considerations can no longer be seen as extras and must be considered alongside, and integral to, financial considerations.

Gridworks, backed by CDC Group, develops and invests in critical on and off-grid power infrastructure in Africa.

It needs to be easier for people to invest in line with their values. There needs to be more capital flowing to investments that contribute to tackling global social and environmental challenges, including in the poorest countries in Africa and South Asia.

If the UK public, and those who advise them and invest on their behalf, are empowered to make sustainable investments in line with the appetite demonstrated in the survey results, a powerful force for change could be unleashed to achieve the SDGs and shared economic growth.

Annex

Annex

List of organisations engaged on the project through interviews, roundtables and event discussions

2030hub
Aberdeen Standard Investments
Aberforth Partners
Abundance
Actis
Aegon
Alquity
Arabesque
Aviva Group
B Lab
Baillie Gifford
Barclays
Bates Wells Braithwaite
Bethnal Green Ventures
Big Exchange
Big Issue Invest / Big Exchange
Big Society Capital
Bond
British Red Cross
British Standards Institute (BSI)
Brunel Pensions Partnership
Business Fights Poverty
Business in the Community (BITC)
Cambridge Centre for Alternative Finance (CCAF)
Cambridge Institute for Sustainability Leadership
Cameron Hume
CARE International
CDC Group
CDP Group
Christian Aid
Church of England Group
Columbia Threadneedle
Comic Relief
Department for Business, Energy and Industrial Strategy (BEIS)
Department for Culture Media and Sport (DCMS)
Department for Work and Pensions (DWP)
Dickson Minto
EQ Investors
Ethex
Ethical Finance Hub
Ethical Futures
Ethical Trading Initiative
First State Investments
Generation Investment Management
Global Reporting Initiative (GRI)
Global Steering Group for Impact Investing (GSG)
GlobalGiving
Good with Money
Hargreaves Lansdown
Hermes Investment Management
HM Treasury (HMT)
Impact Investing Institute
Impact Investment Network
Impact Management Project (IMP)
International Institute for Environment and Development
Investment Association
Jupiter Fund Management
Legal & General Investment Management
Menhaden Capital Plc
Mercer
Merseyside Pension Fund
META finance
Money Saving Expert
Montanaro Asset Management
MSCI
National Employment Savings Trust (NEST)
Nutmeg
Octopus Investments
ONE
One Stone Advisors
Oxfam
Pennine Wealth Solutions
Pensions Institute
Project Everyone
Project Snowball
Quietroom
Rathbone Greenbank Investments
Refinitive
Royal Bank of Scotland
Save the Children UK
Schroders
Scotland's International Development Alliance
Scottish Widows
ShareAction
Shared Interest
SIB Group
Skandinaviska Enskilda Banken (SEB)
Social Finance
SRI Services
Sustainable Development Capital Initiative
Sustainalytics
The Institute and Faculty of Actuaries
The Scottish Government
The Tillycorthie Partnership
Tickr
Tilney Group
Tribe Impact Capital
Triodos Investment Management
Tumelo
UBS
UK National Advisory Board on Impact Investing (UKNAB)
UK Sustainable Investment and Finance Association (UKSIF)
UN Principles for Responsible Investing (UN PRI)
Util
Virtuo Wealth Management
WHEB Asset Management
World Benchmarking Alliance (WBA)
WWF UK

Department
for International
Development

The Department for International Development

The Department for International Development (DFID) leads the UK's work to end extreme poverty. We are tackling the global challenges of our time including poverty and disease, mass migration, insecurity and conflict. Our work is building a safer, healthier, more prosperous world for people in developing countries and in the UK too.

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pwc

PwC UK

PwC UK helps organisations and individuals create the value they're looking for. We're a member of the PwC network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, tax and advisory services. This report has been produced under the IMPACT Programme, which is managed by a Programme Coordination Unit (PCU) and has been commercially tendered to PwC UK until October 2019.

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