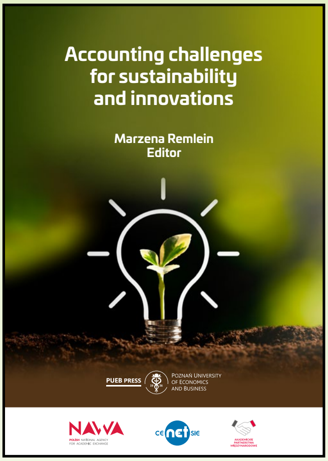


Accounting challenges for sustainability and innovations

Marzena Remlein
Editor

POLISH NATIONAL AGENCY FOR ACADEMIC EXCHANGE

AKADEMICKIE PARTNERSTWA MIĘDZYNARODOWE

eISBN 978-83-8211-055-5
https://doi.org/10.18559/978-83-8211-055-5

PUEB PRESS
Poznań University of Economics and Business

Accounting challenges for sustainability and innovations, pp. 91–106
https://doi.org/10.18559/978-83-8211-055-5/06

6.

SOCIALLY RESPONSIBLE INVESTMENTS

Marzena Remlein
Poznań University of Economics and Business

Abstract: Socially responsible investing (SRI) is a decision making process concerning the allocation of free financial resources, where the investor aims at maximization of profit and minimization of risk on one part, and includes the socio-ethical and environmental-ecological considerations on the other. We can find four types of motives, describing them as mobilizing forces to undertake SRI. These are psychological and social, legal, economic and strategic, financial. Investors invest their funds in such investments by choosing the right investment strategy for them. We can find many different classifications relating to strategies and actions within the framework of SRI. The most important classifications of the SRI strategy were prepared by Global Sustainable Investment Review and Eurosif. These two organizations prepare also reports on SRI in the world and in Europe. The European market has the largest share in the global SRI market but the most dynamically developing market is Japan.

Keywords: Eurosif, GSIA, motives for SRI, socially responsible investments (SRI), strategy of SRI.

6.1. The essence of the concept of socially responsible investing

Socially responsible investments (SRI) in the modern era has placed itself as an alternative to the traditional forms of investments. SRI forms sort of an investment philosophy that links both the financial and non-financial criteria (Sparkes, 2002, p. 22). Kinder (Kinder, Lydenberg, & Domini, 1994) has a similar opinion, stressing the inclusion of social or ethical criteria in the process of investment decision making. Investors who choose to allocate their free pecuniary assets in this type of investments value the social and environmental questions as more, or at least equally important as the economic profits.

An extensive review of subject literature, however, has allowed us to come to the conclusion that such investments are a relatively new concept that is still evolving, and can not be defined unanimously. In the majority of work on SRI, the attention is brought to the need of inclusion of not just the financial conditions, but also the social and environmental factors in the investment process.

A good starting place for understating this concept lies in its definition by the European Sustainable Investment Forum (Eurosif) who cite SRI as a general concept including sustainable, ethical or responsible investments that link the financial objectives of investors with its care for the social, environmental and corporate order issues (European SRI Study, 2010, p. 8). The International Finance Corporation (IFC) proposes the term "sustainable investing" that—according to IFC—integrates the ESG factors in analyses concerning the selection of companies and in application of corporate laws, believing that these factors can beneficially influence the long-term efficiency of risk management (www.ifc.org).

According to Mansley (2000) responsible investing is an element of financial analysis, concentrating on social, environmental and ethical issues during decision making, management and realization of investment. SRI includes investments that integrate social, ethical, environmental and corporate orders in the investment process (Sandberg, Juravle, Hedesstrom, & Hamilton, 2009), meaning that the criteria for social responsibility of a business is as equally important as the economic criteria. It seems that it is effected not just by the social responsibility of investors, but also simple calculation that makes them realize that the chances for survival and profit are open for those businesses that harmonically adopt to the requirements of contemporaneity and future. This means that the stakeholders have to include the idea of social responsibility of businesses (Dziawgo, 2010, p. 16).

Munoz-Torres (Munoz-Torres, Fernandez-Izquierdo, & Balaguer-Franch, 2004) presents a similar opinion, defining SRI as investments that link financial objectives with social values. Such responsible investing does not contradict the essence of traditional investing as it does not put the importance of ethical questions over the issues of efficiency (Rogowski & Ulianiuk, 2012, p. 64). SRI is an investment strategy that targets not only the achievement of particular economic profits, but also social and environmental effects. When principles are considered, the socially responsible investors select companies that keep high ethical standards and observe sustainable development principles in their activities.

The definitions of SRI quoted above broaden the notion of investment that was applied in the past. Up until recently only the cause-and-effect connection between investment expenditure and its effects was investigated, in form of the economic profits (return on capital). In case of SRI the investor also profits from the financial outcome of the invested capital, but has further non-financial profits, that can bring financial results in longer time perspective. SRI is a decision making process concerning the allocation of free financial resources, where the investor aims at maximization of profit and minimization of risk on one part, while including the socio-ethical and environmental-ecological considerations on the other.

6.2. Motives of SRI

In the traditional model of rational investor behaviour (homo economicus), the choice of the subject of the investment is made on the basis of the investor's knowledge and assets, taking into account the profit and risk criterion. In other words, the financial motive is the only significant criteria for selecting an investment portfolio. In the case of SRI, the financial motive is not the most important, and at times not even an important criterion for selecting the subject of the investment. This means that some investors are willing to invest their funds even if they expect a lower return compared to traditional investments with a similar level of risk (Riedl & Smeets, 2014, p. 12). This may be confirmed by the results of research conducted by Pasewark and Riley (2010), which show that less than half of SRI investors are interested solely in maximizing their wealth.

The motives of investors deciding to allocate their own funds in SRI are presented in Table 6.1.

Table 6.1. Motives of socially responsible investing

Type of motive	Characteristics of the motives	Literature
Financial	Searching for financial benefits. Investing in socially responsible companies so that they gain a competitive advantage, which will lead to an increase in their value. Failure to invest in responsible companies if it is to bring losses. Striving to reduce investment risk.	Auer, Schuhmacher, 2016; Revelli, 2016; Borghesi et al.., 2014; Beal et al., 2005; Glac, 2009; Jansson, Biel, 2014; Bauer et al., 2005; Kreander et al., 2005; Jansson, Biel, 2011

Type of motive	Characteristics of the motives	Literature
Ethical	Ethics and morality as investment criteria.	Lewis, Juravle, 2010; Scholtens, Sievänen, 2013; Beal et al., 2005; Cowton, 1994; Lewis, Juravle, 2010; Scholtens, Sievänen, 2013; Beal et al., 2005; Cowton, 1994
	Investor's ethical profile: idealism / relativism.	Park, 2005
	Managerial altruism: corporate managers convinced that they and the company they manage are morally obligated (imperative) to invest in social responsibility.	Borghesi et al., 2014
	Value-driven investors (VDI): Investors focused primarily on non-financial utility determinants willing to accept financial loss for social / environmental benefits.	Auer, Schuhmacher, 2016; Renneboog et al. 2008; Lewis, Mackenzie, 2000; Wins, Zwergel, 2016; Anand, Cowton, 1993; Michelson et al., 2004
Investor preferences	Pro-environmental preference: care for the environment.	Lewis, Webley, 1994; Vyvyan et al., 2007; Bengtsson, 2008; Richardson, Cragg, 2010
	Pro-social preference: concern for society.	Riedl, Smeets, 2014
	Pro-environmental and pro-social preference.	McLachlan, Gardner, 2004; Derwall et al., 2011; Beal, Goyen, 1998; Jansson, Biel, 2014; Bauer, Smeets, 2015
Striving to transform the socio-economic system	Striving to change current market practices, transform the relationship between the economy, society and the environment by investing funds in companies striving in this direction. The utility of an investment depends on the actual performance of the portfolio companies.	Beal et al., 2005; Lewis, 2001; Pasewark, Riley, 2010; Starr, 2008; Michelson et al., 2004
Shaping the investor's image	Perception of socially responsible investing in line with the investor's lifestyle and identity, willingness to manifest a lifestyle.	Glac, 2009; Statman, 2004
	Fashion / reputation: willingness to engage in activities that are well perceived and practiced by the investor's environment.	Beal et al., 2005; Riedl, Smeets, 2014

Source: (Doś & Foltyn-Zarychta, 2017, pp. 117–118).

Motivation to invest in SRI as one can observe from the above table is a complex issue, covering factors of both financial nature (rate of return, risk reduction) and non-financial: social, environmental, ethical.

Marcinek (2016, p. 80) indicates four types of motives, describing them as mobilizing forces to undertake SRI. These are:

– psychological and social,
– legal,
– economic and strategic,
– financial.

Psychological and social motives, which include the professed values and beliefs, may be of various nature, most often religious, moral, political, ecological, but also economic. Investors, acting in accordance with their beliefs and professed values, allocate their capital in order to positively influence the society. Psycho-social motives also include altruism and philanthropy.

Legal motives, in the case of institutional investors, legal regulations (legislation) are an important reason for engaging in SRI. An example may be the Scandinavian countries where, at the beginning of the 21st century, legislation strongly motivated pension funds to pursue SRI (Bengtsson, 2008, p. 969). In Norway, an example of motivating investors to allocate their funds in SRI investments is the Government Pension Fund of Norway, which—according to legal regulations—applies the highest environmental requirements and negative selection in investing.

Economic and strategic motives (related to the management of the entity) are mainly care for good reputation as well as transparency and provision of information, in particular in the field of CSR. Comprehensive information about the company's activities, and in particular about its social responsibility, is a fundamental condition for investor's trust in the company. Information on the ongoing CSR activities is a prerequisite for undertaking SRI.

Financial motives are those whose measurable effect is the rate of return on invested capital. The results of research on the effectiveness of SRI indicate that the long-term integration of ESG factors into the investment process does not adversely affect the financial result, but may have a positive impact on the risk-adjusted rate of return. Moreover, when analysing financial motives, one should also refer to risk, treating it as a reference point of the basic criterion, i.e. the rate of return. The results of research carried out by Clasen and Röder (2009, p. 21) indicate that almost 74% of the surveyed investors considered risk diversification as the most important motive for their investment decision in SRI, ahead of the ecological, financial and ethical motives.

The hierarchy and rank of the motives for investing by investors undergo (and will probably continue to change) over time. However, it should be noted that investors are now more and more inclusive of aspects related to the environment, society and corporate governance (ESG) when making investment decisions.

6.3. Strategies of SRI

Changes in capital markets have also changed the strategy of SRI. In scientific publications and reports of institutions related to the SRI market, you can find many different classifications relating to strategies and actions within the framework of SRI. One of them is available in the Global Sustainable Investment Review which is prepared by the Global Sustainable Investment Alliance (GSIA) whose mission is to deepen and expand the practice of sustainable investment through intentional international collaboration. GSIA uses a definition of sustainable investing, without drawing distinctions between this and related terms such as responsible investing and socially responsible investing.

Sustainable investment encompasses the following activities and strategies (GSIA, 2018, p. 7):

- **Negative/exclusionary screening**: the exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria.
- **Positive/best-in-class screening**: investment in sectors, companies or projects selected for positive ESG performance relative to industry peers.
- **Norms-based screening**: screening of investments against minimum standards of business practice based on international norms, such as those issued by the OECD, ILO, UN and UNICEF.
- **ESG integration**: the systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis.
- **Sustainability themed investing**: investment in themes or assets specifically related to sustainability such as clean energy, green technology and/or sustainable agriculture.
- **Impact/community investing**: targeted investments aimed at solving social or environmental problems, and including community investing, where capital is specifically directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose.
- **Corporate engagement and shareholder action**: the use of shareholder power to influence corporate behaviour, including through direct corporate engagement (i.e. communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

In Europe, the classification of the SRI strategy proposed by the Eurosif organization has been in force since 2012, according to which the following are distinguished (European SRI Study, 2016, p. 10):

- **Sustainability themed investment**: Strategy of investing in assets linked to the development of sustainability that concentrated on selected aspects of

ESG. Sustainability themed investments inherently contribute to addressing social and/or environmental challenges such as climate change, eco-efficiency and health.

- **Best-in-class investment selection**: investing in the most efficient assets in the respective category that still meet the ESG criteria. This approach involves the selection or weighing of the best performing or most improved companies or assets as identified by ESG analysis, within a defined investment universe. This approach includes best-in-class, best-in-universe, and best-effort.
- **Exclusion of holdings from investment universe**: a negative-selection type strategy, that comes down to exclusion of companies that have activities that are ethically or socially doubtful. Common criteria include weapons, pornography, tobacco and animal testing.
- **Norms-based screening**: the strategy comes down to exclusion, from the investment portfolio, of those companies that fail to conform with selected international ESG standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors.
- **ESG Integration factors in financial analysis**: concerns the direct inclusion of risk and opportunities connected with ESG, concentrating on the potential impact of ESG factors on financial result of the business. This type covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.
- **Engagement and voting on sustainability matters**: the strategy of communicating with enterprises in order to change their practices in social, ethical and environmental protection issues. This is a long-term process, seeking to influence behaviour or increase disclosure.
- **Impact investment**: concerns direct investments in companies, organizations or funds, which apart from financial objective, aim to influence the society and environment in a positive way. Investments are often project-specific, and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return.

Similar, often even identical, strategies of SRI are presented by other supranational organizations, i.e.[1]:

- EFAMA—European Fund and Asset Management Association,
- PRI—Principles for Responsible Investment.

[1] EFAMA and PRI strategies are not discussed in this e-book due to the high similarity to the Eurosif strategy.

Regardless of the classification adopted, SRI strategies should provide an important guide to portfolio managers. On the other hand, enterprises that make SRI in accordance with the SRI strategy adopted in their investment policy should inform about it, because in this way they may attract potential investors to invest capital in their activities.

6.4. The market of SRI

Global sustainable investment assets are continuing to increase, albeit at a slower pace than in previous years. At the start of 2016, global sustainable investment reached $22.89 trillion, compared with $18.28 trillion in 2014, an increase of 25%. Previously, global sustainable investment assets grew 61% from 2012 to 2014. Still, nearly all regions saw increases in their SRI assets relative to their total professionally managed assets, with the greatest rise seen in Australia and New Zealand (GSIA, 2016, p. 8). At the start of 2018, global sustainable investment reached $30.7 trillion in the five major markets shown in Table 6.2, a 34% increase in two years.

Table 6.2. Growth of SRI assets by region 2014–2018

Region	2014	2016	2018	Growth per period (%)	
				2014–2016	2016–2018
Europe	10,775	12,040	14,075	12	17
United States	6,572	8,723	11,995	33	38
Canada	729	1,086	1,699	49	56
Australia & New Zealand	148	516	734	249	42
Asia (ex. Japan)	45	52	–	16	–
Japan	7	474	2,180	6 671	360
Total	**18,276**	**22,890**	**30,683**	**25**	**34**

Source: (GSIA, 2016, p. 7; 2018, p. 8).

Sustainable investment assets are continuing to climb globally, with some regions demonstrating stronger growth than others within their local currencies. As shown in Table 6.2, the largest increase over the past two years was in Japan, where sustainably managed assets grew over 300%. In the United States, growth from 2016 to 2018 is slightly higher than over the previous two years (38% versus 33%). Elsewhere, sustainable assets continued to rise, but at a slower pace than between 2014 and 2016. The proportion of global SRI by region is presented in Table 6.3.

Table 6.3. Proportion of SRI by region 2014–2018 (%)

Region	2014	2016	2018
Europe	58,96	52,60	45,87
United States	35,96	38,12	39,09
Canada	3,98	4,74	5,54
Australia & New Zealand	0,81	2,25	2,39
Asia (ex. Japan)	0,25	0,22	
Japan	0,04	2,07	7,11
Total	**100,00**	**100,00**	**100,00**

Source: (GSIA, 2016, p. 7; 2018, p. 8).

In terms of where sustainable and responsible investing assets are domiciled globally, Europe continues to manage the highest proportion, with nearly half of global sustainable investing assets. However, this is a decline from 2016 when Europe managed nearly 53% of sustainable investing assets. Meanwhile, Japan has shown impressive growth, as its proportion of global sustainable investing assets has quadrupled since 2016. The proportions of global sustainable investing assets in the United States, Canada and Australia / New Zealand have remained largely level over the past two years (GSIA, 2018, p. 9).

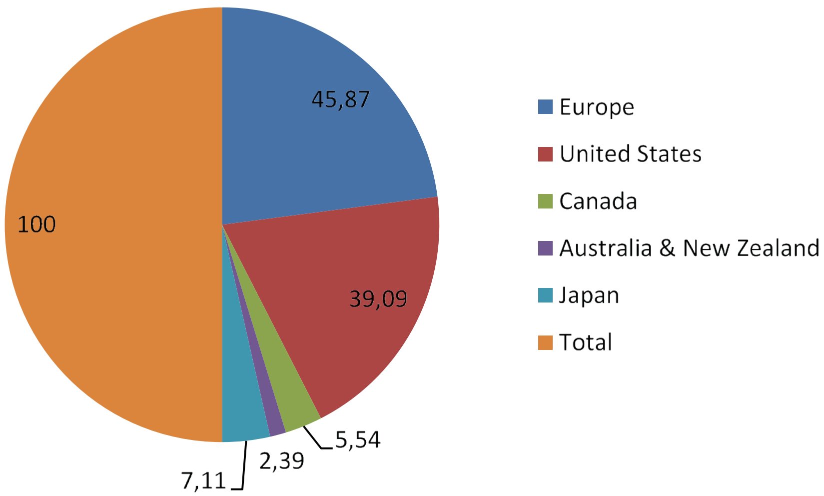
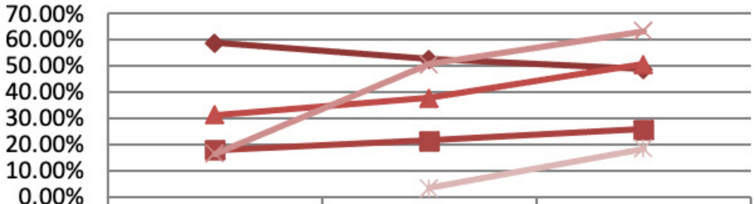


Figure 6.1. Proportion of global SRI by region (2018)

Source: (GSIA, 2018, p. 9).

The proportion of sustainable investing relative to total managed assets grew in almost every region, and in Canada and Australia / New Zealand responsible investing assets now make up the majority of total assets under professional management. The exception to this trend is Europe, where sustainable investing assets have declined relative to total managed assets since 2014. At least part of the market share decline in Europe stems from a shift to stricter standards and definitions for sustainable investing. (see Figure 6.2).



	2014	2016	2018
Europe	58.80%	52.60%	48.80%
United States	17.90%	21.60%	25.70%
Canada	31.30%	37.80%	50.60%
Australia & New Zealand	16.60%	50.60%	63.20%
Japan		3.40%	18.30%

Figure 6.2. Proportion of SRI relative to total managed assets 2014–2018

Source: (GSIA, 2018, p. 9).

Important information is also the SRI value according to the investment strategy. The sum of the individual strategies (after adjusting for double counting since some assets are managed using more than one strategy) is presented by Figure 6.3.

Although total assets are much lower in the three strategies of sustainability-themed investing, positive or best-in-class screening and impact or community investing, all have shown impressive growth over the past two years, as shown in Figure 6.3. At the start of 2018, positive screening was deployed across $1.8 trillion in assets, followed by sustainability-themed investing with $1.0 trillion in assets, and impact/community investing with $444 billion in assets. Although norms-based screening remains more than double the size of these three strategies, it is the only strategy to have declined since 2016—a decrease of 24%—to $4.7 trillion in assets.

The largest sustainable investment strategy globally continues to be negative or exclusionary screening, with a combined $19.8 trillion in assets under management. This is followed by ESG integration, which has grown by 69% over the past two years, to $17.5 trillion in assets. Negative screening is the largest strategy in Europe, while ESG integration commands the majority of assets in the United States, Canada, Australia and New Zealand. Meanwhile, corporate engagement and shareholder action constitute the predominant strategy in Japan.

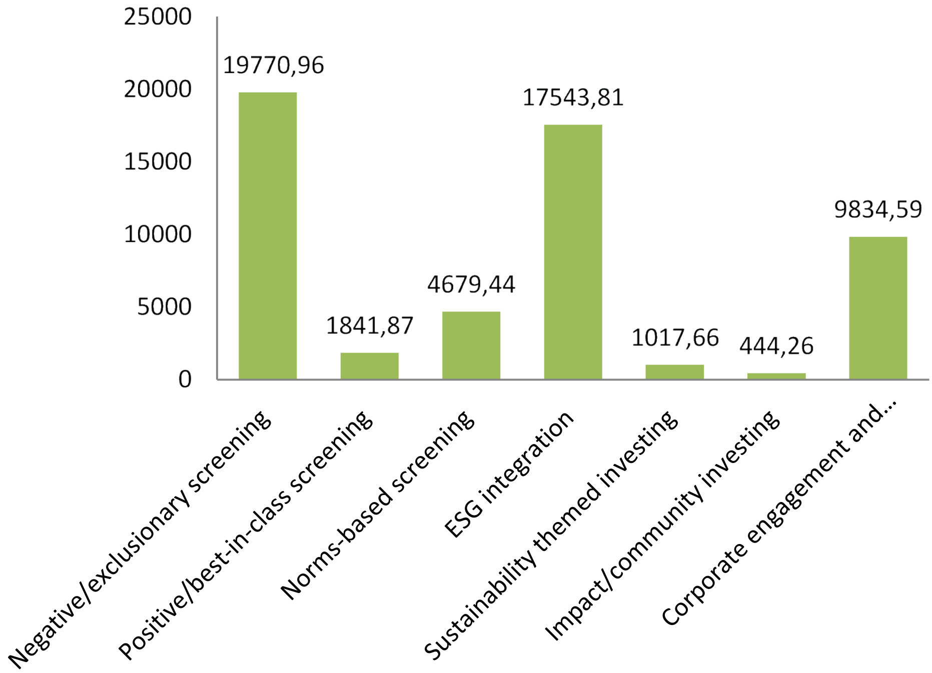


Figure 6.3. The global growth of SRI strategies (2018)

Source: (GSIA, 2018, p. 10).

The European market has the largest share in the global SRI market. According to the report prepared by Eurosif at the end of 2015, the value of SRI is increasing year by year and in the year of the study it amounted to over EUR 11 trillion, which means an increase of 11.7% compared to 2013 (European SRI Study, 2014, 2016). In 2017, the sum of SRI values according to the investment strategy amounted to EUR 23.5 trillion[2] (European SRI Study, 2018, pp. 16, 83). Table 6.4 presents data on the value of SRI made on the European market in 2005–2017.

Investors are most interested in the strategy "Exclusion of holdings from investment universe", which is included in the negative selection. In 2017, the value of investments managed in accordance with the exclusion strategy amounted to over EUR 10 trillion and was the largest group of SRI (44.33%). It should also be noted its annual increase, compared to 2015 by 2.6%, from 2013 by 51.95%, and from 2011 by 190.54%.

[2] This figure should be treated as a gross value as in some cases different socially responsible investing strategies may apply to the same investment. The analyzed report does not contain data on the overall value of SRI in Europe in 2017. There is also no report with the results of the research from 2019.

Table 6.4. The growth of SRI strategies in Europe (2005–2017)

Strategies SRI	2005	%	2007	%	2009	%	2011	%	2013	%	2015	%	2017	%
Total SRI	**1 033 105**	**x**	**2 665 400**	**x**	**4 986 000**	**x**	**6 763 347**	**x**	**9 884 966**	**x**	**11.045 479**	**x**	**no data**	**x**
Sustainability themed investment	6 914	0,39	26 468	0,65	25 361	0,34	48 090	0,44	58 961	0,37	145 249	0,63	148 817	0,63
Best-in-class investment selection	57 816	3,27	130 315	3,20	132 956	1,80	283 206	2,57	353 555	2,19	493 375	2,16	585 733	2,49
Exclusion of holdings from investment universe	335 544	18,98	1 532 865	37,70	1 749 432	23,72	3 584 498	32,52	6 853 954	42,58	10 150 595	44,34	10 414 558	44,33
Norms-based screening	–	–	–	–	988 756	13,41	2 132 394	19,34	3 633 794	22,58	5 087 774	22,23	3 142 463	13,38
ESG Integration factors in financial analysis	639 149	36,14	1 024 925	25,21	2 810 506	38,11	3 204 107	29,06	1 900 040	11,80	2 646 346	11,56	4 237 812	18,04
Engagement and voting on sustainability matters	728 837	41,22	1 351 303	33,24	1 668 473	22,62	1 762 687	15,99	3 275 930	20,35	4 270 045	18,65	4 855 429	20,67
Impact investment	–	–	–	–	–	–	8 750	0,08	20 269	0,13	98 329	0,43	108 576	0,46
The sum of the SRI values according to the strategy criterion3	**1 768 260**	**100,00**	**4 065 876**	**100,00**	**7 375 484**	**100,00**	**11 023 732**	**100,00**	**16 096 503**	**100,00**	**22 891 713**	**100,00**	**23 493 388**	**100,00**

Source: Own study based on (European SRI Study, 2010, 2012, 2014, 2016 & 2018).

[3] The application of different strategies of SRI in relation to the same investment causes that the sum of the SRI values according to the strategy criterion is not equal to (is higher) the total value of the SRI made.

The relatively "youngest" but promising strategy is the "Impact investment" strategy, which was first identified in 2011, with investments of more than EUR 8 billion. The value of these investments in 2017 is estimated at EUR 108.5 billion, which represents 0.46% of SRI made in Europe. Compared to 2015, this is an increase by 10.42%.

„Sustainability themed investment" amounted to EUR 148 billion in 2017 and accounted for 0.63% of total SRI. Comparing the value of strategy of Sustainability themed investments with the data from previous years, their increase by 2.46% in 2015 and 152.4% in 2013 can be noticed.

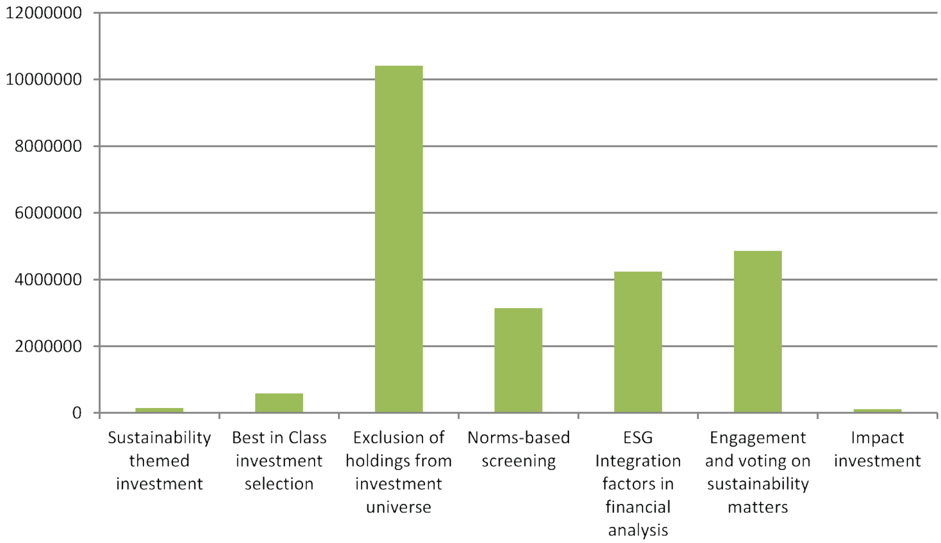


Figure 6.4. The growth of SRI strategies in Europe (2018)

Source: Own study based on Table 6.3.

Table 6.5 shows the results of the SRI dynamics analysis according to the strategy (2005–2017).

Table 6.5. The dynamics of SRI in Europe (2005–2017)

SRI Strategy	Dynamics index Previous year = 100%					
	2007	2009	2011	2013	2015	2017
Sustainability themed investment	382,82	95,82	189,62	122,72	246,35	102,46
Best-in-class investment selection	225,40	102,03	213,01	124,90	139,55	118,72

SRI Strategy	Dynamics index Previous year = 100%					
	2007	2009	2011	2013	2015	2017
Exclusion of holdings from investment universe	456,83	114,13	204,89	191,21	148,10	102,60
Norms-based screening	–	–	215,66	170,41	140,01	61,76
ESG Integration factors in financial analysis	160,36	274,22	114,00	59,30	139,28	160,14
Engagement and voting on sustainability matters	185,41	123,47	105,65	185,85	130,35	113,71
Impact investment	–	–	–	231,65	485,12	110,42

Source: Own study based on Table 6.3.

The research conducted by Eurosif covered 12 European countries (in 2015, the survey was conducted in 13 countries). Among the new EU member states, only Poland was included in the study. The value of SRI in individual examined European countries in 2015 and 2017 is presented in Table 6.6.

Table 6.6. SRI in European countries

Country	2015	2017	Dynamics index	(%)
Austria	52 184	118 512	227,10	0,50
Belgium	315 900	421 420	133,40	1,79
Denmark	118 376	301 640	254,82	1,29
Finland	67 978	bd	x	x
France	3 121 081	3 875 451	124,17	16,50
Germany	1 786 398	1 716 130	96,07	7,31
Italy	616 155	1 924 508	312,34	8,19
The Netherlands	991 427	2 800 676	282,49	11,92
Poland	5 998	21 953	366,01	0,09
Spain	95 334	300 014	314,69	1,28
Sweden	791 739	2 231 838	281,89	9,50
Switzerland	1 527 582	2 642 931	173,01	11,25
United Kingdom	1 555 328	7 138 315	458,96	30,38
Total	**11 045 479**	**23 493 388**	**212,69**	**100,00**

Source: Own study based on (European SRI Study, 2016, p. 57; 2018, p. 83).

The results presented in Table 6.6 show that the highest value of SRI is made in United Kingdom, France, the Netherlands, Switzerland and Sweden. Poland, on the other hand, has the lowest value of SRI. The reason may be the relatively short-lived capital market in Poland and little experience in the field of SRI in comparison with the older EU countries.

Based on the study so far, we can conclude that:

- there was a significant increase in the value of SRI in Europe,
- the highest increase in value (by 60.14% compared to the previous survey in 2015) can be found in the group of investments made in accordance with the strategy “ESG Integration factors in financial analysis”, while the opposite was in “Norms-based screening”,
- the most popular investment strategy is “Exclusion of holdings from investment universe” (44.34%), “Engagement and voting on sustainability matters” (20.67%) and “ESG Integration factors in financial analysis” (18.04%),
- we can observe a large geographic variation of the SRI; the largest share of SRI investments was recorded in United Kingdom (30.38%), while the lowest was in Poland (0.09%).

Questions / tasks

1. Explain the essence of socially responsible investments.
2. Define the main motives of socially responsible investing.
3. Specify the strategies of socially responsible investing according to GSIA and Eurosif.
4. Describe the global market of SRI.
5. Tell about SRI market in Europe.

References

Bengtsson, E. (2008). A history of Scandinavian socially responsible investing. *Journal of Business Ethics*, *82*(4), 969-983.

Clasen, Ch., & Röder, S. (2009). *Socially responsible investments. Motives, aspects and trends from the perspective of institutional investors.* Lüneburg: Leuphana Universität Lüneburg-BankInvest.

Doś, A., & Foltyn-Zarychta, M. (2017). Motywy inwestowania społecznie odpowiedzialnego – przegląd wybranych badań. *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, *478*, 113-121.

Dziawgo, L. (2010). *Zielony rynek. Ekologiczna ewolucja rynku finansowego.* Warszawa: Polskie Wydawnictwo Ekonomiczne.

European SRI Study 2010. (2010). *Eurosif*. Retrieved September, 2020 from http://www.eurosif.org/wp-content/uploads/2014/04/Eurosif_2010_SRI_Study.pdf

European SRI Study 2012. (2012). *Eurosif*. Retrieved September, 2020 from http://www.eurosif.org/wp-content/uploads/2014/05/eurosif-sri-study_low-res-v1.1.pdf

European SRI Study 2014. (2014). *Eurosif*. Retrieved September, 2020 from http://www.eurosif.org/wp-content/uploads/2014/09/Eurosif-SRI-Study-20142.pdf

European SRI Study 2016. (2016). *Eurosif*. Retrieved September, 2020 from http://www.eurosif.org/wp-content/uploads/2016/11/SRI-study-2016-HR.pdf

European SRI Study 2018. (2018). *Eurosif*. Retrieved September, 2020 from http://www.eurosif.org/wp-content/uploads/2018/11/European-SRI-2018-Study.pdf

GSIA. (2016). *Global sustainable investment review*. Retrieved September, 2020 from http://www.gsi-alliance.org/wp-content/uploads/2017/03/GSIR_Review2016.F.pdf

GSIA. (2018). *Global sustainable investment review*. Retrieved September, 2020 from http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR_Review2018.3.28.pdf

Kinder, P. D., Lydenberg, S., & Domini, A. L. (1994). *Investing for good, making money while being socially responsible*. New York: Harper Business.

Mansley, M. (2000), *Socially responsible investment: A guide for pension funds and institutional investors.* Sudbury: Monitor Press.

Marcinek, K. (2016). Inwestycje społecznie odpowiedzialne – motywacja inwestorów. *Studia Ekonomiczne, Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach*, *286*, 72-95.

Munoz-Torres, M. J., Fernandez-Izquierdo, M. A., & Balaguer-Franch, M. R. (2004). The social responsibility performance of ethical and solidarity funds: An approach to the case of Spain. *Business Ethics*, *13*(2/3), 200-218.

Pasewark, W. R., & Riley, M. E. (2010). It's a matter of principle: The role of personal values in investment decisions. *Journal of Business Ethics*, *93*(2), 237-253.

Riedl, A., & Smeets, P. (2014). *Social preferences and portfolio choice.* (CESifo Working Paper No. 4403, pp. 1-50).

Rogowski, W., & Ulianiuk, A. (2012b). Społecznie odpowiedzialne inwestowanie (SRI) – próba charakterystyki. Część III: Efektywność inwestycji społecznie odpowiedzialnych, *Studia i Prace Kolegium Zarządzania i Finansów, Szkoła Główna Handlowa*, *114*, 64-81.

Sandberg, J., Juravle, C., Hedesstrom, T. M., & Hamilton, I. (2009). The heterogeneity of socially responsible investment. *Journal of Business Ethics*, *87*, 519-533.

Sparkes, R. (2002). *Socially responsible investment: A global revolution.* Chichester: John Wiley & Sons.