The Forum for Sustainable and Responsible Investment

FOR IMMEDIATE RELEASE
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Sustainable investing assets reach $12 trillion as reported by the US SIF Foundation's biennial *Report on US Sustainable, Responsible and Impact Investing Trends*

Media conference scheduled for 11:30 ET today

Highlights

- Sustainable, responsible and impact investing (SRI) assets have expanded to $12.0 trillion in the United States, up 38 percent from $8.7 trillion in 2016.
- Much of this growth is driven by asset managers, who now consider environmental, social or corporate governance (ESG) criteria across $11.6 trillion in assets, up 44 percent from $8.1 trillion in 2016.
- The top three issues for asset managers and their institutional investor clients are climate change/carbon, tobacco and conflict risk.
- From 2016 through the first half of 2018, 165 institutional investors and 54 investment managers controlling $1.8 trillion in assets under management (AUM) filed or co-filed shareholder resolutions on ESG issues.

WASHINGTON, D.C., Oct. 31 - The US SIF Foundation's 2018 biennial ***Report on US Sustainable, Responsible and Impact Investing Trends*****,** released today, found that sustainable, responsible and impact investing (SRI) assets now account for $12.0 trillion—or one in four dollars—of the $46.6 trillion in total assets under professional management in the United States. This represents a 38 percent increase over 2016.

The *Trends Report*—first compiled in 1995—is the most comprehensive study of sustainable and impact investing in the United States. From the first report when assets totaled just $639 billion to today, the sustainable and responsible investing industry has grown 18-fold and has matured and expanded across numerous asset classes.

The 2018 report identified $11.6 trillion in ESG incorporation assets under management at the outset of 2018 held by 496 institutional investors, 365 money managers and 1,145 community investing financial institutions. The largest percentage of money managers cited client demand as their top motivation for pursuing ESG incorporation, while the largest number of institutional investors cited fulfilling mission and pursuing social benefit as their top motivations.

In addition, 165 institutional investors and 54 investment managers collectively controlling nearly $1.8 trillion in assets filed or co-filed shareholder resolutions on ESG issues between 2016 and the first half of 2018.

Eliminating double counting for assets involved in both ESG incorporation and filing shareholder resolutions produces the net total of $12.0 trillion in SRI strategies at the start of 2018.

“Money managers and institutions are utilizing ESG criteria and shareholder engagement to address a plethora of issues including climate change, diversity, human rights, weapons and political spending,” said Lisa Woll, US SIF Foundation CEO. Additionally, retail and high net worth individuals are increasingly utilizing this investment approach with $3 trillion in sustainable assets.

Ellen Dorsey, Executive Director of the Wallace Global Fund, a leading foundation endowment that has embraced sustainable investing and supported the *Trends Report* since 2010, noted, “We support this research as a critical tool to track crucial trends in the industry and benchmark our own goal of 100% mission alignment, as we promote an informed and engaged citizenry, help fight injustice and protect the diversity of nature.”

“What the US SIF *Trends Report* shows incontrovertibly, is that investors are truly beginning to understand the value of ESG considerations as an effective means of managing risk and improving investment performance,” said Amy O’Brien, Global Head of Responsible Investing at Nuveen, the investment management division of TIAA. “With an intensified focus on important issues such as climate change and corporate board gender diversity, we hope to see creative solutions that will help address these challenges, and in turn, drive shareholder value in the years ahead.”

Top ESG Criteria

The relative prominence of specific ESG criteria differed between money managers (firms that manage assets on behalf of others) and institutional asset owners (entities like pension funds, foundations and educational endowments that own and invest assets, often via money managers).

The report breaks out the top ESG issues by types of investment vehicles, including registered investment companies, such as mutual funds and exchange traded funds (ETFs), private equity and venture capital funds, community investing institutions and others.

The report also provides detail on the top ESG criteria by each of nine types of institutions: public funds, insurance companies, educational institutions, philanthropic foundations, labor funds, hospitals and healthcare plans, faith-based institutions, other nonprofits and family offices.

Asset managers: Climate change was the most important specific ESG issue considered by money managers in asset-weighted terms; the assets to which this criterion applies more than doubled from 2016 to 2018 to $3.0 trillion. Other top ESG categories included tobacco, conflict risk, human rights, and transparency/anti-corruption. Concern among money managers and their clients about civilian firearms was also on the rise.

Asset owners: For institutional asset owners, conflict risk was the top specific ESG criteria, up 8 percent from 2016 to $3.0 trillion followed by tobacco, carbon/climate change, board issues, and executive pay.

Investor Advocacy

From 2016 through the first half of 2018, 165 institutional investors and 54 investment managers collectively controlling nearly $1.8 trillion in assets at the start of 2018 filed or co-filed shareholder resolutions on ESG issues. "Proxy access" was the leading issue raised in shareholder proposals, followed by disclosure and management of corporate political spending and lobbying.

The proportion of shareholder proposals on social and environmental issues that receive high levels of support has been trending upward. During the proxy seasons of 2012-2015, only three shareholder proposals on environmental and social issues that were opposed by management received majority support, while 18 such proposals received majority support in 2016 through 2018.

In addition, the number of survey respondents that reported engaging in dialogue with companies on ESG issues increased notably since 2016.

Other Findings

- Both the number and assets under management of registered investment companies incorporating ESG continued to grow at a strong pace. Assets in mutual funds reached $2.6 trillion, up 34 percent over 2016, and the number of ETFs more than doubled from 25 to 69.

- ESG assets under management in 780 alternative investment vehicles, including private equity and venture capital funds, hedge funds, and real estate investment trusts (REITs) or other property funds, totaled $588 billion at the start of 2018. This is nearly triple the assets identified in 2016, and an 89 percent increase in the number of funds.

- With assets of $185.4 billion, the community investing sector, which includes community development banks, credit unions, loan and venture funds, has experienced rapid growth over the last decade, nearly doubling in assets between 2014 and 2016, and growing more than 50 percent from 2016 to 2018.

For additional *Trends Report* findings and information please visit www.ussif.org/trends. To schedule an interview with Lisa Woll, US SIF's CEO, or Meg Voorhes, US SIF Foundation's Research Director, or to be added to the US SIF news release distribution list, please email ussif@lowecom.com.

Media Teleconference

A media briefing is scheduled for today, Oct. 31, from 11:30 am to 1:00 pm ET, including a discussion of key *Trends Report* findings by a panel of experts. Please call: +1 (877) 236-6813, conference code 5590015.

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About US SIF and the US SIF Foundation

US SIF: The Forum for Sustainable and Responsible Investment is the leading voice advancing sustainable, responsible and impact investing across all asset classes. Its mission is to rapidly shift investment practices toward sustainability, focusing on long-term investment and the generation of positive social and environmental impacts. US SIF members include investment management and advisory firms, mutual fund companies, asset owners, research firms, financial planners and advisors, broker-dealers, community investing organizations and nonprofit organizations.

US SIF is supported in its work by the US SIF Foundation, a 501(C)(3) organization that undertakes educational, research and programmatic activities to advance the mission of US SIF, including offering training on the *Fundamentals of Sustainable and Impact Investment* (with trainings to be held in November in Colorado Springs, San Francisco and Los Angeles). The 9th Annual US SIF Conference will be held in Minneapolis June 10-12, 2019.

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