



GLOBAL SUSTAINABLE INVESTMENT ALLIANCE

Global Sustainable Investment Review finds US\$30 trillion invested in sustainable assets

Embargoed until 00.01 GMT, Wednesday 29 November 2023

- \$30.3 trillion is invested globally in sustainable investing assets.
- Data published in new GSIA report – Global Sustainable Investment Review 2022 – the 6th edition of this landmark publication.
- In non-US markets, sustainable investment assets under management (AUM) have increased by 20% since 2020.
- Increased rigour in US results in decline in assets labelled as 'sustainable'
- Findings reflect continued efforts by industry, regulators and policymakers to better define sustainable investments and address greenwashing risks, leading to more reliable measurements of global sustainable AUM.
- Launched to inform discussions at COP28, sustainable investment organisations from across the world make a series of policy recommendations for the international community to consider.

The Global Sustainable Investment Alliance (GSIA) has today published its sixth edition of the biennial Global Sustainable Investment Review (GSIR), sponsored by HSBC Global Research, finding that US\$30.3 trillion is invested in sustainable assets globally.

The report shows that in non-US markets – Canada, Europe, Japan, Australia and New Zealand – there has been a 20% increase in sustainable assets under management (AUM) since the 2020 GSIR.

The report also showcases a maturing of the industry, which includes the adoption of tighter definitions of when a fund can be described as 'sustainable'. These newly imposed standards were a direct response to growing concerns around 'greenwashing' and thus impacted how the US SIF has measured 'sustainable assets' in the period to 2022. As a result of the US SIF's methodology change, the report finds a drop from \$17tn in reported AUM in the United States in 2020 to \$8.4tn in 2022.

Similarly, in Europe, the long-term trend suggests that the proportion of assets defined as 'sustainable' has been declining by around 5% per year. Increased requirements around disclosure regulations and the tightening of definitions around sustainable investing and its related approaches may be contributing to this decline.

A wider trend is also emerging globally highlighting the need for clearer definitions and a more shared understanding around what makes a sustainable asset 'sustainable'. Further developments can be expected in the years to come, as the EU's Sustainable Financial Disclosures Regulation (SFDR) continues to evolve, alongside other global disclosure and labelling approaches, and as data availability and quality increases.

The sustainable and responsible investment industry's continued maturation is also visible in the strategies being deployed by firms and their clients to promote sustainable outcomes. The GSIR finds investors are increasingly making use of corporate engagement and shareholder action to drive corporate change and reduce sustainability-related investment risks.

James Alexander, GSIA Chair, said:

"The global sustainable finance industry is continuing to mature, with the introduction of clearer disclosure and labelling regimes – such as the EU's SFDR, the UK's SDR, and the SEC's proposed Climate Disclosure Rule – helping drive forward our collective understanding of sustainable investment approaches and providing clarity over how sustainable investments are defined.

"But much more can be done to accelerate the transition to a sustainable future. That is why, for the first time, GSIA has made a series of policy recommendations in the GSIR – covering measures to increase investment opportunities in the net-zero transition, the need for closer global alignment on sustainable finance regulations, enhanced data sharing, and a sharper focus on disclosure of nature and biodiversity risks and opportunities.

"With the right actions and support from policymakers around the world, the global finance industry can play a prominent role in helping bring about positive change in the years to come."

Maria Lettini, CEO of the US Sustainable Investment Forum (US SIF) said:

"The GSIA report on sustainable investment trends comes at a critical juncture in the global investment industry.

"While we continue to elevate the need to address our own nuanced local financial market challenges, we also support the incorporation of enhanced rigor and learnings from our peers across regions.

"I applaud the collaborative work of the GSIA secretariat to align the diverse regional approaches of the SIFs across the world into a strong holistic sustainable investment voice as we address global policymakers ahead of COP 28."

Simon O'Connor, Chief Executive of the Responsible Investment Association Australasia (RIAA), said:

"This year's GSIR shows a clear story of a rapidly maturing industry, whereby standards have lifted across the world, to a point today where it is simply not sufficient to say you are doing responsible and sustainable investment, without being able to clearly articulate the real impact you are having.

All in all, we welcome these developments that our organisations have been long advocating for, as we see this will result in a stronger industry, that delivers more capital to creating the positive change we need to deliver on a net zero transition."

Masaru Arai, Chair of the Japan Sustainable Investment Forum (JSIF), said:

"Japanese investors and policymakers eagerly anticipated the Global Sustainable Investment Review 2022 launch.

“To attain a sustainable society, a comprehensive approach should be employed worldwide, leveraging the experiences of other nations and territories.

“The GSIA’s cooperative endeavour with the CFA Institute and PRI to provide the definitions of responsible investment approaches, and its recommendation on data sharing and biodiversity disclosure, has the potential to bolster sustainable investment and propel us towards a sustainable society.”

Proposals made by GSIA in the report include the convening of a *Sustainable Finance Regulatory Convergence Taskforce*, which could make recommendations for improvements and greater alignment of regulations in force across the world.

GSIA is also calling for the widespread and rapid adoption of a global baseline for strengthened corporate sustainability disclosures as well as for ESG ratings and benchmarks, to help ensure investors have access to transparent, accessible, and comparable data when making investment decisions. The report also urges the global adoption of the disclosure recommendations prepared by the Taskforce on Nature-related Financial Disclosures (TNFD) and the incorporation of TNFD reporting for corporations into the International Sustainability Standards Board (ISSB) framework.

Notes to editors

- **Policy recommendations made in the GSIR include:**
 - **Net Zero Investment Opportunities** – The GSIR calls on Governments to provide supportive capital market environments which align subsidies, market incentives, and government structures to ensure transformative public and private investment flows can be unlocked.
 - **International Regulatory Alignment** - Governments, regulators, and standard setters should work together to support closer global alignment on sustainable finance regulations to address fragmentation and support greater convergence, while avoiding a ‘lowest common denominator’ approach. The GSIR recommends the convening of a *Sustainable Finance Regulatory Convergence Taskforce*, which could make recommendations for improvements and greater alignment of regulations in force across the world.
 - **Enhanced Data Availability** - To ensure investors receive the data necessary to effectively incorporate sustainability factors into investment decisions, the report calls for the widespread and rapid adoption of a global baseline for strengthened corporate sustainability disclosures, ESG ratings and benchmarks.
 - **Nature And Biodiversity** – The GSIR recommends the global adoption of the disclosure recommendations prepared by the Taskforce on Nature-related Financial Disclosures (TNFD) and the incorporation of TNFD reporting for corporations into the ISSB framework.
 - As part of its efforts to increase shared understanding of sustainable investment approaches, the GSIA – in partnership with the CFA Institute and the Principles of Responsible Investment (PRI) – recently [launched a new resource to define and provide guidance on five key terms in the sector](#): Screening, ESG integration, Thematic investing, Stewardship, and Impact investing.
-

The *Global Sustainable Investment Review 2022* is the sixth edition of this biennial report mapping the state of sustainable investment in the major financial markets globally. This edition collates results from the US Sustainable Investment Forum (US SIF), Japan Sustainable Investment Forum (JSIF), the Responsible Investment Association Canada (RIA Canada) and the Responsible Investment Association Australasia (RIAA). Eurosif and UKSIF do not collect data directly; data for the European region has been sourced from the European Fund and Asset Management Association (EFAMA).

All 2022 assets are reported as of 31 December 2021, except for Japan which reports as of 31 March 2022. Each region or country covered by this report uses a different method to collect data for its respective report. The consolidation in this report is made on a best-effort basis, based on best available regional data.

About The Global Sustainable Investment Alliance

The Global Sustainable Investment Alliance (GSIA) is an international collaboration of membership-based sustainable investment organisations around the world. Its members are: European Sustainable Investment Forum (Eurosif), UK Sustainable Investment and Finance Association (UKSIF), US Sustainable Investment Forum (US SIF), Japan Sustainable Investment Forum (JSIF), the Responsible Investment Association Canada (RIA Canada) and the Responsible Investment Association Australasia (RIAA). Its aim is to unlock the power of the worldwide financial services industry to drive leadership, achieve a substantial impact on key global challenges, and accelerate the transition to a sustainable future. For more information, visit gsi-alliance.org.

The secretariat of GSIA is hosted by UKSIF, and the GSIA Chair is the UKSIF Chief Executive.

About HSBC Global Research

HSBC Global Research combines unparalleled local insights, global connectivity and professional integrity to deliver the best investment opportunities to our clients through fundamental analysis and thought-provoking ideas. Its 280 analysts in 18 locations across Asia-Pacific, the Americas, Europe, the Middle East and Africa produce c.13,000 reports annually across Economics, FX, Fixed Income, Equities, Emerging Markets, ESG, Data Science and Multi-Asset.

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories. With assets of \$3,021bn at 30 September 2023, HSBC is one of the world's largest banking and financial services organisations.

For more on HSBC Global Research, please visit <https://www.gbm.hsbc.com/en-gb/campaigns/global-research>

For more on ESG from HSBC Global Research, please see <https://www.research.hsbc.com/C/1/1/323/NVpGvmt>