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INVESTORS' VIEWS ON SUSTAINABLE INVESTING

– case Varsinais-Suomen Osakesäästäjät Ry

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INVESTORS' VIEWS ON SUSTAINABLE INVESTING

- Case Varsinais-Suomen Osakesäästäjät Ry

This thesis deals with investors' views on sustainable investing. The study was conducted in collaboration with Varsinais-Suomen Osakesäästäjät Ry whose members took part in the survey considering the subject. The survey was made to find out their views, attitudes, opinions and values towards sustainable investing.

Sustainable investing has grown its popularity and investors want to influence on sustainability issues on companies more than before. Sustainable investing means ESG issues, i.e., environmental issues, social matters as well as governance issues to improve the risk profile and expected return of the investment.

The purpose of the theoretical part is to present investing briefly and focus more on the sustainable investing. It seeks to explain what sustainable investing is, why it is practiced, what are its goals and advantages and what kind of approaches investors have towards it. The theoretical part introduces sustainable investing to the reader.

The empirical part examines how the members of Varsinais-Suomen Osakesäästäjät Ry see sustainable investing. What values, opinions and approaches they have towards it and why so. It seeks to present a holistic view of the membership's opinions and reasoning behind it. The survey was made using Google Forms and 155 members respondent to it.

Based on the results of the study, it can be concluded that the most common motives for sustainable investing are that it is in line with one's personal values and making a positive contribution to sustainable development and seeking better profits and risk management. Respondents who do not invest in sustainable way either do not manage to get acquainted with the matter enough or do not see it as affecting the return on investment. The challenges of sustainable investing in the answers are the difficulty of verifying the benefits and the lack of information to measure how sustainability has come true.

KEYWORDS:

Sustainability, investing, ESG

Toni Suomi

SIJOITTAJIEN NÄKEMYKSIÄ VASTUULLISESTA SIJOITTAMISESTA

- Case Varsinais-Suomen Osakesäästäjät Ry

Tämä opinnäytetyö tutkii sijoittajien näkemyksiä vastuullisesta sijoittamisesta. Tutkimus tehtiin yhteistyössä Varsinais-Suomen Osakesäästäjät Ry:n kanssa, jonka jäsenet osallistuivat vastaamalla vastuullista sijoittamista koskevaan kyselyyn. Tutkimuksen tarkoituksena oli selvittää heidän näkemyksiänsä, asenteita, mielipiteitä ja arvoja koskien vastuullista sijoittamista.

Vastuullinen sijoittaminen on kasvattanut suosiotaan ja sijoittajat haluavat vaikuttaa yritysten vastuullisuusasioihin entistä enemmän. Vastuullinen sijoittaminen tarkoittaa ESG-asioita eli ympäristö-, sosiaali- ja hallinnointikysymyksiä, joiden huomioonottamisella voidaan parantaa sijoituksen riskiprofiilia ja odotettua tuottoa.

Opinnäytetyön teoriaosuuden tarkoituksena on esitellä lyhyesti sijoittaminen yleisesti ja keskittyä enemmän vastuulliseen sijoittamiseen. Teoriaosuus pyrkii esittelemään, mitä vastuullinen sijoittaminen on, miksi sitä harjoitetaan, mitä sillä tavoitellaan ja mitkä ovat sen edut sekä millaisia lähestymistapoja sijoittajilla on vastuulliseen sijoittamiseen. Teoriaosuus esittelee lukijalle vastuullisen sijoittamisen tiiviissä paketissa.

Opinnäytetyön empiirisessä osuudessa tarkastellaan miten Varsinais-Suomen Osakesäästäjät Ry:n jäsenet suhtautuvat vastuulliseen sijoittamiseen. Mitä arvoja, mielipiteitä ja lähestymistapoja heillä on siitä koskien ja miksi niin. Se pyrkii luomaan kokonaisvaltaisen kuvan jäsenistön mielipiteistä ja niiden perusteista. Kysely tehtiin käyttäen Google Formsia ja siihen vastasi 155 yhdistyksen jäsentä.

Tutkimuksen tulosten perusteella voidaan päätellä, että vastuullisen sijoittamisen yleisimmät motiivit liittyvät siihen, että se nähdään sopivan yhteen henkilökohtaisten arvojen kanssa ja tuovan mahdollisuuden vaikuttaa positiivisesti kestävään kehitykseen. Vastuullisella sijoittamisella myös pyritään parantamaan sijoitusten tuottoja ja riskienhallintaa. Vastaajat, jotka eivät kiinnitä huomiota sijoitusten vastuullisuuteen, eivät joko omaa aikaa tutustua asiaan tarpeeksi tai eivät näe sen vaikuttavan sijoituksen tuottoon. Vastuullisen sijoittamisen haasteisiin vastauksissa nousee esiin hyötyjen todentaminen sekä vastuullisuuden toteutumisen seurannan haastavuus.

ASIASANAT:

Vastuullisuus, sijoittaminen, ESG

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1 INTRODUCTION

1.1 Background of the thesis

Sustainability is one of the megatrends in today's world. People are even more interested in environment and social issues. It is also the case in investment world among the investors. Sustainable investing is growing year by year, but it is still quite a new thing in the big picture. Investors can have many reasons for why they decide to invest in a sustainable way, for example trying to improve their return to risk ratio. Because sustainable investing is a growing field and it is more and more featuring in media and among the investors, also the sustainable investment products and possibilities are on the rise. Sustainability, as one of the megatrends, is something that companies are trying to highlight in their business and trying to live up to the goals of society.

This thesis is done in collaboration with Varsinais-Suomen Osakesäästäjät Ry. It is a registered association, and it aims to expand the knowledge of investing in the Southwest Finland area. I am also doing it based on my own interest towards the subject. The thesis handles sustainable investing generally, not only for some financial institution point of view and regarding its products for example. I work in finance industry as a savings and investments specialist and have a great personal interest towards sustainable investing and I am eager towards studying how other Finnish investors, in Varsinais-Suomen Osakesäästäjät Ry, see the subject and what is their approach towards it.

1.2 Goals and research problem of thesis

The thesis is a study about how investors in Varsinais-Suomen Osakesäästäjät Ry see sustainable investing. What kind of views and opinions they have about the subject? Why do they invest in a sustainable way or why not? What is the reasoning behind it and what are they pursuing by doing so? The thesis will present a holistic view on members of Varsinais-Suomen Osakesäästäjät Ry

investors thoughts considering sustainable investing. A whole sustainable investing being a quite new aspect towards investing in a large scale, it is important to study and understand the reasons behind it from the investors view.

The goal of the thesis is to find out investors' views and attitudes towards sustainable investing. The meaning of this is to form a comprehensive picture of the views of members of the Varsinais-Suomen Osakesäästäjät Ry. What kind of motives, differences of opinions, targets and values there is regarding sustainable investing.

So, in conclusion, the main research problem is to find out investor's views and attitudes towards sustainable investing. By researching that, I will also find out different motives, values, opinions and targets the investors in Varsinais-Suomen Osakesäästäjät Ry has. It is important to crop sustainable investing in this study to deal with only private investors point of view. It would be too wide and different aspect to also deal with institutional investors point of view because they do operate in a different way and have broader options and opportunities. Mainly this study focuses on private investors' sustainable investing regarding stock markets and mutual funds.

1.3 The research methods used in thesis

This thesis includes a theoretical part and an empirical part. The theoretical part first deals with the basic principles of investing and sustainable investing. It introduces the subject to the reader that he or she can form a clear picture and understanding about the subject. It also deepens the readers' knowledge about sustainable investing opportunities and the principles and motives of sustainable investing. In the empirical part of the thesis, a survey will be conducted among the members of Varsinais-Suomen Osakesäästäjät Ry. The idea is to investigate their motives, attitudes and values towards sustainable investing.

Research method in this thesis is mainly a quantitative but partly also qualitative survey research for the members of Varsinais-Suomen Osakesäästäjät Ry. There will be a form for it, and everyone will answer them in writing. Most probably

first there will be questions that find out the background of the respondents. Then follow the questions about sustainable investing with multiple choice questions and also open questions to find out respondents' views about sustainable investing.

Quantitative survey research has long been one of the well-established research strategies. In this form of research, data is collected in a standardized format from some crowd. Its typical features are that from a certain crowd, a sample of individuals is collected from which data are collected in a structured form such as using a questionnaire. With the data obtained it is possible to compare, describe and explain the phenomena. (Hirsjärvi 2009, 134.)

In a survey type research, people are asked questions in a standardized way. Its advantage is considered to be that the survey can gather extensive research material, a lot of people and the opportunity to ask several questions. The form of this research also has weaknesses. These are that it is not possible to ensure the seriousness of the respondents' response, either is it clear whether the respondents have understood the questions. There is also no knowledge about the respondents' knowledge about the topic of the survey. It also requires a good form which to do is difficult and time consuming. (Hirsjärvi 2009, 193–194.)

Quantitative research is objective research method. This means that the research data and results are independent and the researcher her- / himself is not affecting them. However, the conclusions can include opinions of the researcher. (Vilkkä 2007, 14.)

2 INVESTING

2.1 Investing in general

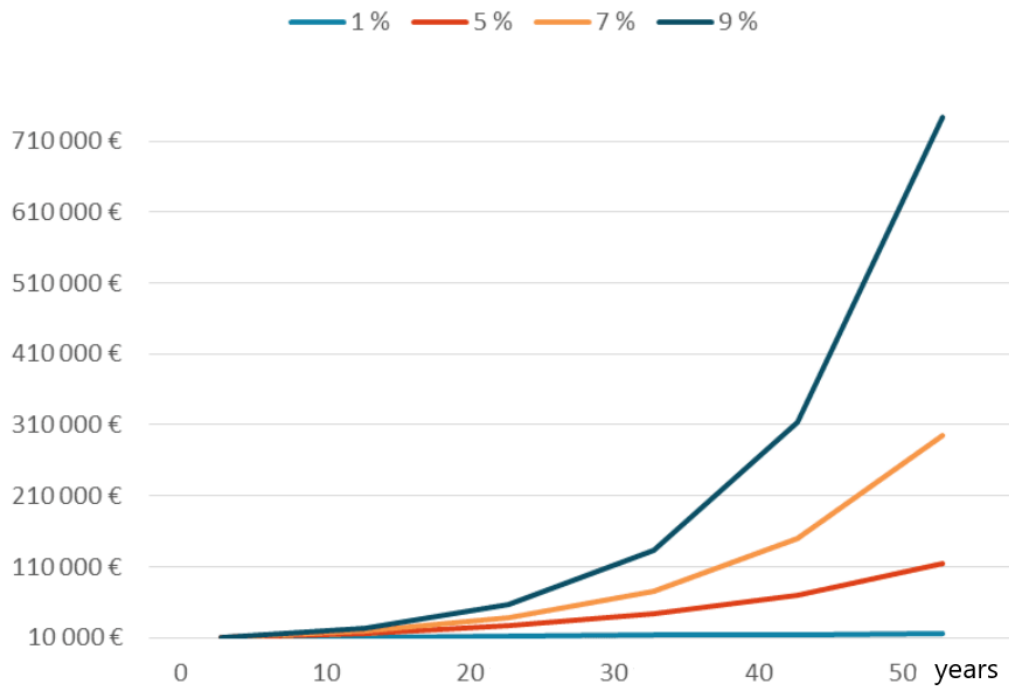
Investing is the purchase of securities, real estates and other asset items. By investing, a person is buying an asset that is meant to increase in value over time which will provide profit in the form of capital gains or income payments. Investing is pursuing more capital gains or income. (Forbes, 2020.)

Investment is entering into an agreement where money or other asset is given away in exchange for future gains. Investment is always a risk, a profit is a reward for this. Profit comprises of two components. First component is that the investor is not able to use the money for something else because it is already invested. The second component is that there is always a risk if the investor gets the invested money back. (Nikkinen et al., 2002, 9.)

Investing requires saving and saving is a deferral on consumption. It makes sense to have savings for example for a bad day or for future use. But it is not profitable to keep savings in a bank account because of inflation. To start investing, it does not require a huge amount of money. For a few tens of euros, it is possible to buy fund shares or shares on the stock exchange. In the long run, it is very important that whether an investor gets a percentage or nine percent return on their money. Investing is sensible financial management. (Pörssisäätiö, 2014, 4-6.)

Investing is possible through many different investment instruments. Listed shares are common investments but there are also many others. Another large asset class to invest is fixed income interests. Other types of asset classes to invest in are for example real estates, forest and commodities. Also investing, for example, in arts and some collectibles is investing for someone but those kinds of investments are not the traditional ones. The picture 1 below indicates the difference between returns when expected returns and investment time vary. (Pörssisäätiö, 2014, 7-10.)

how much the investment generates at different rates of return?



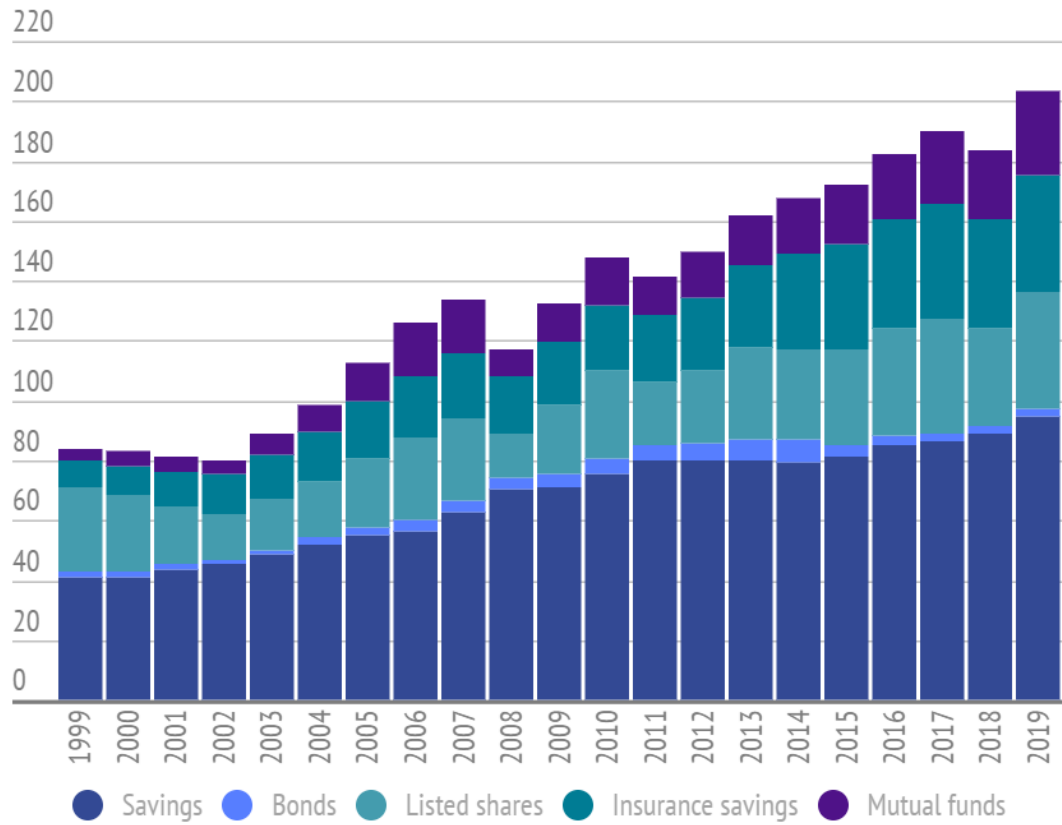
Picture 1. Different returns. (Sijoitustieto).

2.2 Households' financial assets in Finland

During the second quarter of 2020, EUR 100.12 billion of households' financial assets were deposits. Households had listed shares worth of EUR 37.655 billion and mutual funds worth of EUR 27.552 billion. The share of insurance technical reserves was EUR 37.09 billion, including savings life insurances, capitalisation agreements and individual pension insurances. Picture 2 below presents distribution of assets over the years 1999-2019. (Pörssisäätiö, 2020.)

All investors have different motives for saving money. Financial Services Association in Finland made a survey in the year 2017 about why to save money. According to the survey, 57% of Finns who have savings or investments or intend to increase their wealth in the coming year, save as a reserve fund or in case of a bad day. In addition to a bad day, preparing for the future retirement period is one of the motives for Finns to invest. Other motives may as well be, for example,

preparing for unexpected situations or realizing one's own dreams (Sijoittaja.fi 2020.)

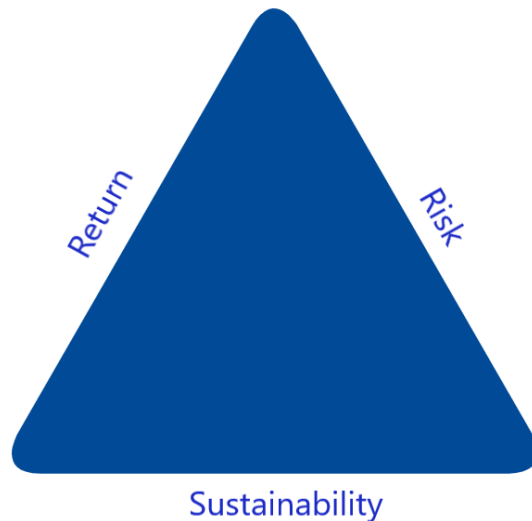


Picture 2. Households' financial assets (Pörssisäätiö, 2020).

3 SUSTAINABLE INVESTING

Sustainable investing refers to environmental issues, factors related to social responsibility and governance issues. It means to take into consideration so called ESG (Environment, Social and Governance) issues in investment activities so that the return and risk profile of the portfolio is improved. Sustainable investing is possible in all types of assets. There is a lot of examples about ESG issues. For example, from the environmental aspect the issues being noticed can be work for stopping the climate change or energy efficiency and pollution issues. Social responsibility covers human rights, child labour, working conditions etc. Governance issues covers the payment of taxes, the independence of the board of directors and anti-corruption actions etc. (Finsif, 2017.)

In sustainable investing investor considers environmental, social and governance issues in such a way that investment portfolio's risk and return profile improves. There are many different ways to do that and draw a limit at a different point. It depends on the investor what kind of strategy he/she implements and what ESG issue to emphasize. For example, an environmental organization can want to emphasize environmental issues in its investments, but a trade union can pay special attention to social issues like treatment of employees. However, sustainable investor needs to pay attention to ESG as a whole no matter what is the issue wanted to emphasize. By companying the ESG issues and profit expectations, can help to identify the potential and the risks of the investment. Sustainable investing does not put returns and ESG issues against each other. The picture 3 below indicates that there must be balance between the three aspects. (Hyrskel et al., 2020, 22-24.)



Picture 3. Return, risk, sustainability (Hyrskel 2020).

Sustainable investing has traditionally been done through direct equity investments and fund investments. This is also the reason why this thesis is focusing on those investment instruments. However, nowadays the type of asset does not prevent sustainability from being taken into account, sustainable practices can be required in both real estate investment and private equity investments. (Hyrskel et al., 2020, 24.)

Sustainable investing is a growing trend both in Finland and in the world. Originally sustainable investing aroused interest in large institutional investors such as the pension insurance companies and the church. Today, private investors are also asking for sustainability. Women and young people in particular have shown a great interest in sustainable investing, says Mike Peltola, Head of Asset Management of Handelsbanken, in an interview with Yle. (Peltola 2018-04-27.)

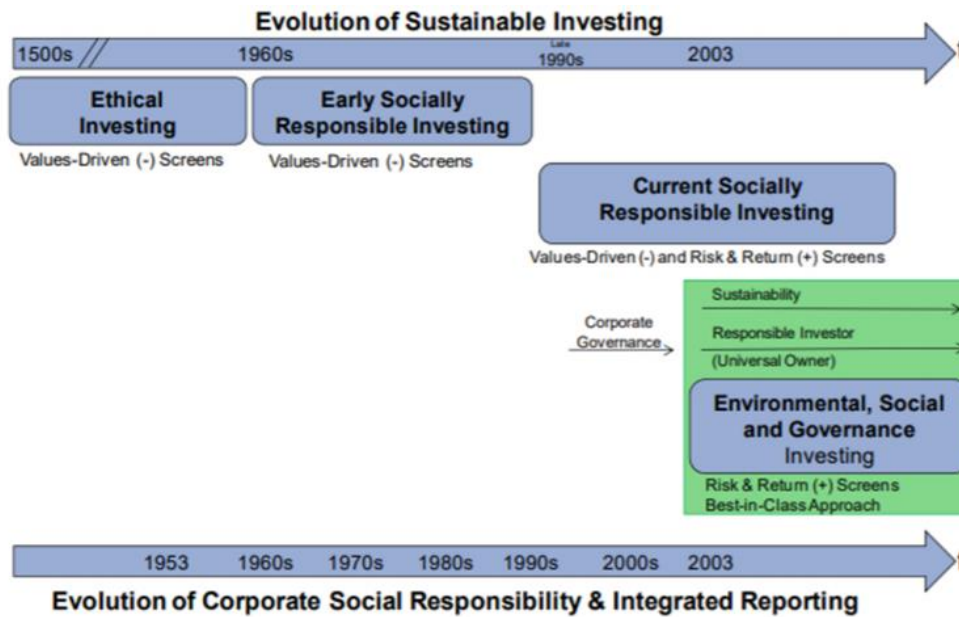
3.1 History of sustainable investing

Sustainable investing as a term is quite recent. Ethical investing can be considered as ancestor of sustainable investing. Ethical investing means an investment strategy where certain values guide investment activities and returns

are not as important. Negative screening of certain industries is the most used tool when practicing ethical investing. The Quakers are considered to be the first ethical investors. The Quakers founded banks and were actively involved in trading. Already in the late 17th century they opposed slavery by avoiding sugar and, in the 19th century, alcohol and the arms industry. Their activities significantly contributed to the development of ethical investment activities. The first ethics fund was set up in 1983 in the UK. The roots of this Friends Provident fund can be found in a life insurance company set up by Quakers. The fund is still in operation, albeit under a different name. In the year 1999 when The Evangelical Lutheran Church of Finland published its own guidelines for ethical investment, Gyllenberg's management company established the Forum Fund, which can be considered Finland's first ethical fund. Also, that fund still operates, however, also under a different name. (Hyrskel et al., 2020, 31-32.)

In the late 1990s some pension investors began to follow ethical guidelines that were not based only just for traditional excluding of some industries. Investors needed to add other perspectives to investment activities in addition to traditional economic matters. The need for this had arisen internally while there was still very little pressure from outside to consider sustainability issues. Those who made investment decisions began to consider more than before how investment activities will have an impact on society at large scale. It was argued that these effects could have a direct or indirect economic relevance, for example through penalty payments or reputational risks. (Hyrskel et al., 2020, 38-39.)

ESG-integration is the most modern-day of sustainable investing which started in the year 2003. Governance was highlighted as a success factor by investors which shaped the previous SRI (Socially Responsible Investing) to ESG. The UN Secretary General Kofi Annan refined ESG factors as principles of sustainable investing in the year 2006. That cleared ESG to be the trend of sustainable investing. The picture 4 below demonstrates the evolution of sustainable investing. (Fulton et al., 2012, 20-21.)

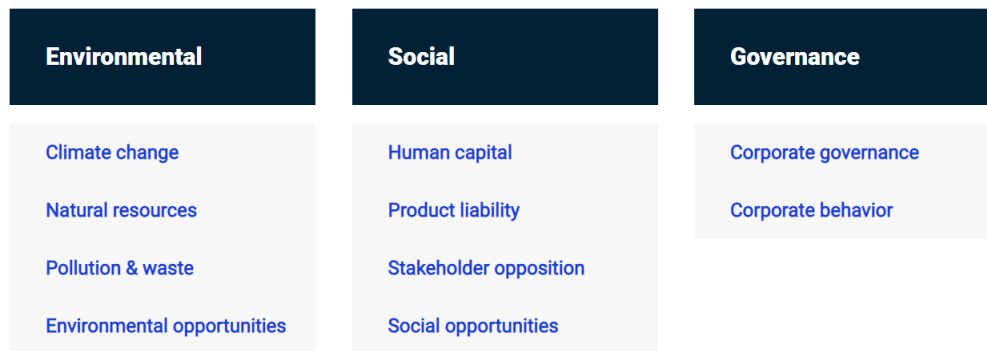


Picture 4. Evolution of Sustainable Investing (Fulton, 2012, 18.)

3.2 ESG

The term ESG is commonly called sustainable investing. ESG stands for environmental, social and governance. In a business context sustainability and ESG is about the business model of the company. It can for example mean how its services and products support sustainable development. ESG is also related to a company's risk management. By following ESG guidelines, company can minimise its operations negative impact. (Nordea, 2020).

ESG investing is growing and in the recent years institutional investors has adapted ESG to their investment portfolios. There are defined three drivers of ESG investing. According to the MSCI the benefits of ESG investing are lower systematic risk, lower tail risk and higher profitability. Lower systematic risk means lower exposure to systematic risk with lower volatility and lower costs of capital. By lower tail risk it is meant that higher ESG-ratings leads to a lower probability of major incidents. This leads to the fact that high ESG-rated companies usually have better profitability than lower ESG-rated companies. (MSCI, 2020). The picture 5 below presents ESG principles.



Picture 5. What is ESG (MSCI, 2020).

3.3 ESG investing strategies

Investors use six methods for bringing ESG issues into their investment decision making. The investor can use just one strategy or use several strategies simultaneously. The strategies are best-in-class selection, active ownership exclusionary screening, impact investing, thematic investing, and ESG integration.

Best-In-Class strategy is an approach where investments in selected category are weighted based on their ESG criteria. In this approach, within the defined investment universe, the companies are ESG analysed and the best rated are those where investments are made. (Eurosif, 2020). Investment strategies that use the best-in-their-industry approach take as a starting point an existing investment universe, such as some stock index. For example, the global index, MSCI World, from which are selected European telecommunications companies to the same category and then when practicing best-in-their-industry approach, only the best ones from that group are selected. The advantage of the best-in-class investment strategy is that all sectors are evenly represented in the final fund and the sustainability analysis does not consciously focus on a particular sector or region. (Hyrskke et al., 2020, 119-122.)

Active ownership is a strategy where an investor will be an active owner and use right to vote. The investor is trying to make an impact on the company's ESG issues by voting and influencing. It is a long-term process. (Eurosif, 2020). Active

ownership is different from traditional idea of investing, sell the investment when the company is making questionable decisions, in active ownership the investor stays and monitor and try to make a difference. Depending on an investor, some prefers discreet approach and others might be more aggressive and publicize matters at hand when trying to get the message through. (CFA Institute, 2015). In particular, larger institutional investors see active ownership as an integral part of sustainable investment measures. In addition to active ownership and voting practices, most institutional investor publish annual reports on the engagement process and voting in general meetings in the past year. Often, influencing processes are divided to proactive and reactive processes. Reactive dialogues usually originate from an event that attracts the attention of a sustainable investor and sometimes also based on inquiries from the investor's stakeholders. Proactive dialogues and influencing processes arise more from megatrends and the investor's own world view. (Hyrskel et al., 2020, 125-125.)

Exclusionary screening is an approach that excludes classes of investments from the investment universe. This means systematically excluding companies or sectors if specific criteria are not achieved. Common criteria include weapons, pornography, tobacco and animal testing. Exclusionary screening is the oldest ESG method. (Eurosif, 2020). Exclusionary screening is one of the most traditional and straightforward forms of sustainable investing and has well-established functions based on a long history of ethical investing. The products and services, different companies or industries, to be excluded are often personal solutions and most often emerge from the investor's world view and morale. The challenges of exclusionary screening are that it is hard to follow zero tolerance, subjectivity of issues and that investors values differ from each other. (Hyrskel et al., 2020, 112-119.)

Impact Investments are made into companies and organisations with the intention to produce social and environmental influence together with a financial return. They are often specific to some project. (Eurosif, 2020). Impact investing has four characteristics. They are: 1) investors intend to have a social and/or an environmental impact, 2) investments are expected to produce a financial return

on capital or, at a minimum, a return of capital, 3) investments are to generate returns that range from below market to risk-adjusted market rate, and 4) investors are devoted to measuring and reporting the social and environmental impacts. (CFA Institute, 2015).

Thematic investing strategy essentially contribute to addressing social and/or environmental challenges such as climate change, eco-efficiency and health. (Eurosif, 2020). It is investing based on trends like social, industrial, and demographic trends. Investment themes are based on ESG matters, for example, clean tech, green real estate business, sustainable forestry and agriculture, education, and health. (CFA Institute, 2015). Thematic investment takes into account the products and services produced by companies. On this basis, some industries or products within industries are favoured in research methodology and investment selection. The most common themes in thematic investing are climate and other sustainable development themes such as water, renewable energy and waste technology. (Hyrskel et al., 2020, 122-124.)

ESG Integration is a strategy where asset managers include ESG opportunities and risks into traditional financial analysis. It covers specific consideration of ESG factors alongside financial analysis of the investment. This process focuses on what potential impact ESG issues might have towards the company's financial from both positive and negative views. The analysis of this might affect on the investment decision. (Eurosif, 2020).

3.4 Principles for Responsible Investment

Principles for Responsible Investment (PRI) is a program that aims for more sustainable investments. The PRI is the world's leading advocate of sustainable investment. It supports aims to understand the investment consequences of environmental, social and governance factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions. (PRI, 2020).

Six principles are the foundation of the PRI program. The principles are a voluntary and ambitious set of investment principles that offer a blackboard of potential activities for integrating ESG issues into investment practice. The Principles for Responsible Investment were developed by an international group of institutional investors. The process of creating six principles was assembled by the United Nations Secretary-General, Kofi Annan, in the year 2005. The Principles were launched in April 2006 at the New York Stock Exchange. (PRI, 2020).

The Principles for Responsible Investment are:

1. We will incorporate ESG issues into investment analysis and decision-making process.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles. (PRI, 2020).

3.5 Sustainable investing in various investment instruments

This thesis is focusing on sustainable investing in financial markets. The investment instruments presented are the most common ones in sustainable investing. In addition to presented investment instruments, there are a lot of other financial instruments which are not relevant to present in this thesis.

Stock market consist of investors, companies and stockbrokers. Companies sell stock to raise money to fund their business operations. Buying shares of stock gives the investor partial ownership of a company and lets the investor participate

in its profits. Some stocks also pay dividends. Dividends are small regular payments of companies' profits. Because there are no guaranteed returns and individual companies may go out of business, stocks accompany greater risk than some other investment instruments. (Anderson & Tuhkanen 2004, 119.) An investor who is willing to invest in stocks in a sustainable way, can do business analysis and integrate ESG factors to it. That way the investor is able to make a sustainable investment decision. The investor can use his/her voice and voting right in the company. (Hyrskel et al., 2012, 98-99).

Shares are by far the most profitable asset class in the long run. Higher risk and volatility are rewarded by higher profits. However, it is difficult to recognize the successful companies from the others and invest in their shares. Generally, this is the fundamental challenge of investing. (Leppiniemi 2002, 12).

When practicing direct equity investing, the investor makes investment decisions independently, depending on the sustainable criteria, based on values etc. that are important to him or her. The easiest way for an investor to get information about corporate responsibility is to go through corporate responsibility reports. (Hyrskel et al., 2020, 151-155.)

Equity investments are usually made as direct investments. In that way the investor can decide the choice of investment targets himself. One option is also through mutual funds when the fund's portfolio manager makes decisions on the selection of investment targets. When investing direct to equity, the investor can classify companies on the basis of sustainability criteria which are important to them and select investment targets based on the assessment. A shareholder can also exercise his or her ownership rights at general meetings and influence the company's operations by discussing them with the company's management. A sustainable fund investor can invest in sustainable equity funds, sustainable development thematic funds and index investments and favour asset managers that follow sustainable investment practices. (Hyrskel et al., 2020, 144-150.)

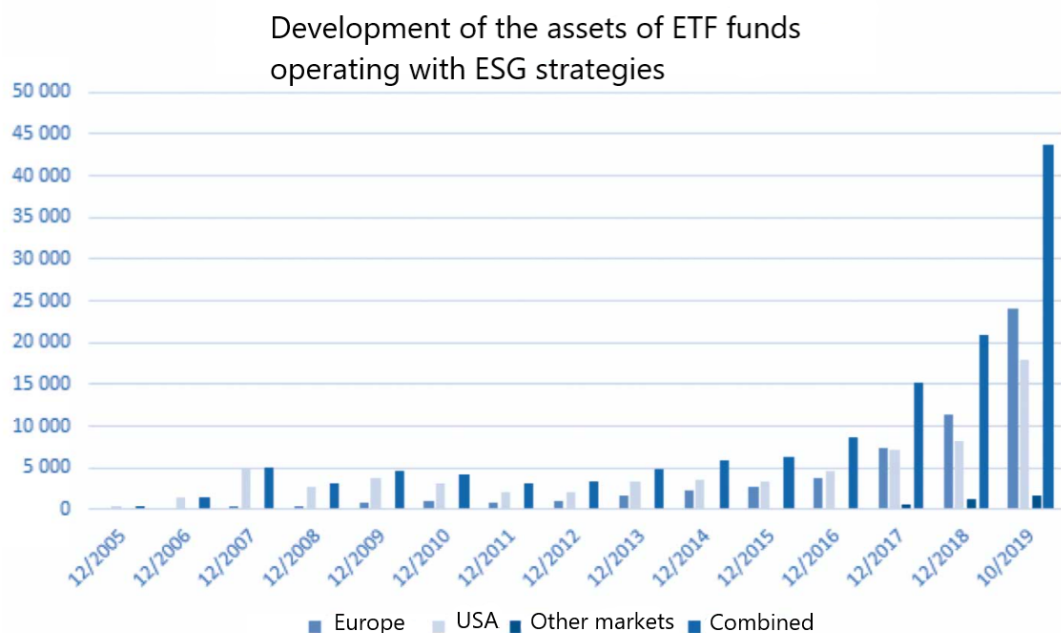
Mutual funds consist of multiple different investments like stocks or/and bonds. Mutual funds raise money from many investors and invest the collected money

to multiple different investments. It forms equal size fund shares which allows equal rights to the assets in the mutual fund. Investment company is managing the assets and will invest them as accepted in the rules of the mutual fund. (Pörssisäätiö, 2015, 4-5.) Sustainable fund investor has various options to invest sustainable to funds. There are sustainable active or passive equity funds, various thematic funds, for example, investing in companies which are developing a technique to help slow down the climate change. (Hyrskke et al., 2012, 98-99).

An exchange-traded fund (ETF) is a basket of securities you buy or sell through a brokerage firm on a stock exchange. ETFs are offered on almost every imaginable asset class from traditional investments, like stocks and bonds, to so called alternative assets like commodities or currencies. (Fidelity, 2011). Mutual funds and ETFs make it possible for investor to invest in hundreds or thousands of assets by making one purchase. This is easy diversification, and it makes mutual funds and ETFs generally less risky than individual investments. (Forbes, 2020). As well in mutual funds, there are various options in ETF's to investing in sustainable way. The options have grown substantially in the recent years and ESG investing within ETF's is becoming a trend. (Bioy, 2018).

Investors can invest in sustainable way by buying equity index funds and ETFs based on research by index suppliers. The sustainable investment indices include the most sustainable companies in a variety of industries. All the most well-known index suppliers have their own sustainable investment stock indices. Sustainable fund investor has more challenges than direct equity investor. The challenge is that there are limited opportunities to influence the mutual fund's holdings. Mutual funds may listen to the wishes of unit-holders regarding the fund's holdings and investment philosophy, for example at the actual fund unit-holders' meeting, but any changes will be made in accordance with industry practice, taking into account the interests of all unit-holders. The most effective tool for a fund investor is therefore a careful assessment of the fund's strategy and approaches before making an investment decision in order to avoid conflicts

of ownership. The picture 6 below indicates how much and rapidly in recent years, ESG investing has increased in ETFs. (Hyrskel et al., 2020, 149-151.)



Picture 6. Development of the assets of the ETF funds operating with ESG (Hyrskel, 2020).

Bonds are fixed income investments and generally less risky than stocks are. When countries and companies need to raise capital, they borrow money from investors by issuing debt which is called bonds. When the investor invests in bonds, the investor is loaning money to the company or country for an agreed period of time. In return for the loan, the issuer will pay a fixed rate of return and at the end the money the investor has loaned them. All bonds are not safe investment instrument because some bonds are issued by companies with poor credit ratings which means they may be more likely to default on their repayment. (Forbes, 2020). A sustainable investor is able to consider ESG issues in bonds. ESG analysis is easier to do for corporate bonds and more challenging to do for government bonds. (Hyrskel et al., 2020, 102–103).

3.6 Motives for sustainable investing

An investor may have different and often parallel reasons to invest sustainable. Sustainable investment motives are often related to better and broader risk management and ensuring good investment returns. Also, an investor can pursue social acceptability by considering ESG issues in investments. (Finsif, 2017.)

Most often sustainable investing is part of risk management, better knowledge of investment and seeking good long term investment returns. Sustainability is not a marketing trick or something to try to seek better public relations. According to the Finnish sustainable investment association Finsif's market studies in the year 2020, the most important factors for sustainable investing among Finnish investors are the following issues:

- set of values
- opportunity for better reputation management
- opportunity for better risk management
- sustainable development
- effects by practising sustainable investing and effectiveness

Depending on the investor, there are different themes and aspects what to emphasize more than other issue. Normally, an investor has several parallel arguments for investing sustainable. (Hyrskel et al., 2020, 25-27.)

3.7 Profitability of sustainable investing

For many investors sustainable investing has been associated with fear of poorer returns. In the light of current knowledge, investing in sustainable way can reduce risks and even improve returns. The Principles for Responsible Investment (PRI) published by the UN in 2006 have had a significant impact on Finnish institutional investors' views of sustainable investing. The clear majority of institutional investors already require the implementer of their investment strategy to consider sustainability issues as part of the implementation of investment activities. A

sustainable investor does not necessarily need haggle on his returns. With sustainable investing, returns can even be improved and, in particular, risks can be better managed. For example, the Finnish Association for Sustainable Investment (FINSIF) defines sustainable investment in its guide in a way that taking sustainability into account improves the return and risk profile of the investment's portfolio. (Huuskonen, 2017.)

In 2016 BlackRock, the biggest investment company in the world, made a research about how positive climate change efforts impacts on investment returns. There were many examples which indicates that it will indicate better gains than investors usually get from the markets. The conclusion is that every investor should take climate awareness into account when making investment decisions. (BlackRock, 2016.)

Enhancing returns are one of the most important reasons why institutional investors practice sustainable investing. Several studies have indicated that superior returns and sustainable investing are positively correlated. Research also demonstrates that sustainable investing does not correlate with poor returns. It is also observed that risks related to ESG issues can have a noticeable effect on company's market value as well as its reputation. Companies' profits and revenues have declined when ESG-related incidents have occurred, for example pollution or worker safety incidents. These kinds of issues can have a large effect on company's value and future which probably will lead poorer earnings and negative effect for investor. (McKinsey, 2017.)

The MSCI World ESG Leaders Index is a stock market index that tracks companies with high ESG performance. The index is monitoring companies which are committed to paying attention to ESG issues. The MSCI World Index used in the comparison is one of the most important indices in the world, it follows the developed world stock markets. (MSCI, 2020.) The picture 7 below indicates that both indices have performed very much similarly in the period between September 2007 and December 2020. The returns are almost the same during this period of time.

**CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD)
(SEP 2007 – DEC 2020)**

ANNUAL PERFORMANCE (%)

Year	MSCI World ESG Leaders	MSCI World
2020	15.90	16.50
2019	28.91	28.40
2018	-7.22	-8.20
2017	21.69	23.07
2016	7.93	8.15
2015	-0.55	-0.32
2014	5.42	5.50
2013	28.22	27.37
2012	15.18	16.54
2011	-4.90	-5.02
2010	11.22	12.34
2009	33.20	30.79
2008	-40.22	-40.33

INDEX PERFORMANCE – GROSS RETURNS (%) (DEC 31, 2020)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Sep 28, 2007
MSCI World ESG Leaders	4.00	13.07	15.90	15.90	11.50	12.73	10.36	6.54
MSCI World	4.27	14.07	16.50	16.50	11.15	12.82	10.48	6.55

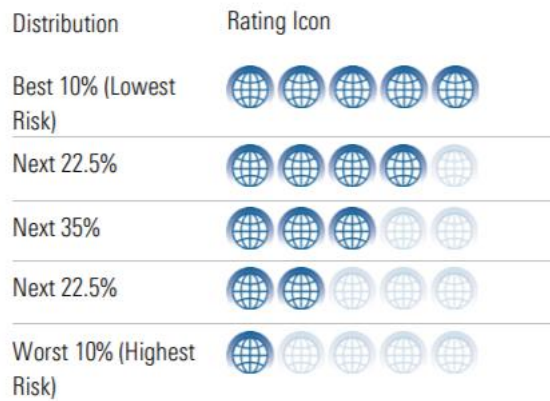
Picture 7. MSCI World ESG Leaders Index (MSCI, 2021).

3.8 Morningstar sustainability rating

Morningstar Inc. is a leading supplier of independent investment research in the world. It provides research insights and data from a broad range of investments. (Forbes, 2020). In the year 2016 Morningstar released the Morningstar Sustainability Rating. It aims to help all investors use environmental, social, and governance (ESG), information to evaluate ESG factors within investments. The rating provides reliable and objective way to evaluate ESG issues. (Morningstar, 2019).

The Morningstar Sustainability Rating (MSR) was created because investors need tools that enable them to evaluate funds and portfolios based on the ESG criteria. The MSR is measuring how well the companies in the portfolio are managing their ESG issues and opportunities related to their peer portfolios. It gives an investor easy way to compare the sustainability towards similar portfolios. (Hale, 2017).

The Morningstar Sustainability Rating shows how well the companies in the portfolio manage their risks and opportunities in relation to the environment, social problems and governance compared to their competitors. The sustainability rating is given as the same percentages as the Morningstar stars in the similar fund categories. One benchmark group must have at least 30 rated funds in order for the sustainability ratings to be shared. The picture 8 below visualizes Morningstar Sustainability Rating. (Morningstar, 2019.)



Picture 8. Morningstar Sustainability Rating (Morningstar, 2019).

4 CORPORATE RESPONSIBILITY

Corporate responsibility in general refers to responsibility of business actions. All direct and indirect actions of a company will be noticed and analysed how they might effect on society surrounding the company. (Vastuullisuusraportti, 2016).

Corporate responsibility has become even an important part of business life. Companies are expected to participate in solving the global problems like climate change. The pressure from the society enhances companies' strategies when considering the strategies of sustainable business. (Joutsenvirta et al., 2011, 9.)

At its best, responsibility is at the heart of a company's competitive advantage and strategy. The purpose and conditions of responsibility should be defined by each company in a meaningful way. Responsibility in business means that companies take into account the economic, social and ecological impacts of its actions. Responsible companies operate in the most sustainable way possible and take into account the interests and expectations of stakeholders, while aiming for profitable business. (Elinkeinoelämän keskusliitto, 2020.)

Starting point for responsible business is that there is a comprehensive vision about that a company have also other functions in the society than only the pursuit of profit for the benefit of the owners. Responsible business means that companies together with stakeholders, will develop and manage environmental, financial and social issues in a balanced way. Corporate responsibility supports a company's business, and it is based on the values of the company and it is implemented by voluntarily action on company's behalf. Responsibility can strengthen a company's competitiveness and increase its profits. (Viitala & Jylhä, 2013, 293.)

The world's largest corporate social responsibility initiative, the Global Compact by the United Nations, includes ten principles of responsible business. It includes principles from different point of views which are human rights, labour, environment and anti-corruption. The principles are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. (United Nations, 2020.)

4.1 Dimensions of responsibility

Financial responsibility is related to the management of financial success and financial obligations like paying taxes. A company has a direct financial responsibility towards its personnel and owners. It also has several indirect financial responsibilities. It creates welfare to the society by paying taxes and social security contributions and by increasing competence. A responsible company does not seek profit at the expense of its personnel, environment and other stakeholders. For example, even if the company could increase its profits by starting a new factory where employees would have poor working conditions, the company will not do that. Today it is a thought that it is possible to seek profits and be responsible at the same time and it is important to take care of environment, people, society and ethical values when doing business and trying to get best possible profits. Financial responsibility makes it possible to also

operate in a responsible way socially and environmentally. (Viitala & Jylhä, 2013, 295-296.)

A company's social responsibility is related to people's welfare. It includes the responsibility of employees, suppliers, subcontractors and other stakeholders. Social responsibility also reaches the local society and for many large companies, it also reaches societies globally. Legal responsibility of actions forms a basement for social responsibility. Elements of social responsibility are the competence and welfare of the employees, product safety and consumer protection, good practices and ways of co-operating, good relations with local communities and support for activities of general interest. The discussion on social responsibility often involves ethical and moral reflection. Corporate moral and ethical choices directly affect customer confidence and can, at worst, ruin a company's reputation. Social responsibility can be damaged by the continued use of temporary employment relationships or by interfering in the grey economy. Moral and ethical choices can also strengthen a company's public image as charitable or useful donations, as well as value choices in marketing. (Viitala & Jylhä, 2013, 295-297.)

Environmental responsibility is responsibility for the state of the earth and part of the goal of sustainable development. An environmentally responsible company protects air, soil, water and combats for preventing climate change. Sustainable development is matter that meets the basic needs of the present without forgetting the future generations. Environmental responsibilities include as part of the sustainable use of natural resources, the reduction of waste and the minimization of environmental damage. Companies' interest in environmental responsibility has increased with because of customers' needs and values and requirements of the general public and legislation. Economic growth can be achieved without conflicting with environmental protection objectives. (Viitala & Jylhä, 2013, 297–299.)

5 IMPLEMENTATION OF THE RESEARCH

This research was made by using a questionnaire. In the study, everyone involved were asked the same questions on a form given to the respondents and they replied in writing. The members of Varsinais-Suomen Osakesäästäjät Ry responded to the survey anonymously via a link sent in an email. The survey was conducted in February 2021. The purpose of the survey was to find out investors' views, values, motives and attitudes regarding sustainable investing.

Quantitative survey research type has long been one of the well-established research strategies. In this form of research, data is collected in a standardized format from some crowd. Its typical features are that of a certain group of people a sample of individuals is collected from which data are collected in a structured form such as using a questionnaire. The data obtained compares, describes and explains phenomena. (Hirsjärvi 2009, 134.)

In a survey-type research, things are asked of a group of people in a standardized way. Its advantage is considered to be that the survey can gather wide research material, a lot of people and the opportunity to ask several questions. This type of research also has weaknesses. These are that it is not possible to ascertain the seriousness of the respondents' response, nor is it clear whether the respondents have understood the questions. Also, it is impossible to know what kind of knowledge base about the topic the respondents have. It also requires a lot of time to create a good form. (Hirsjärvi 2009, 193–194.)

A quantitative survey (partly qualitative) was the research method chosen and it was conducted through Google Forms service. This was chosen as the research method because of it is most convenient to collect answers from a large group of respondents via Internet. It also makes the handling of the answers simple and efficient. With the help of Google Forms, the answers could be easily analysed and transferred for example, to Excel. All respondents were members of the Varsinais-Suomen Osakesäästäjät Ry and were sent a link to the questionnaire

via email via the association. Respondents had two weeks to respond to the survey.

6 RESULTS

The questionnaire contained 19 quantitative and 3 qualitative questions. At the beginning of the survey was asked basic information about the persons participating in the survey. Those were the respondents' gender, age, education, investment experience in years and what kind of investments they have in their portfolios. The goal of the survey was to find out investors' views and attitudes towards sustainable investing and find out what kind of different motives, values, opinions and targets the investors in have. The respondents were given an opportunity to answer what they feel about sustainable investing and what are their thoughts considering it.

All of the questions are reviewed in the presentation of the results and the answers to the open questions can be found in the appendix to the thesis. The answers to the open-ended questions were particularly important in drawing conclusions from the results of the study. The survey was conducted in Finnish language because it is the respondents' native language. Answers for the quantitative questions is translated into English in the presentation of results and the answers for the qualitative questions is analysed in English. The survey is presented in Finnish in the appendix.

6.1 Background questions

155 people participated in the study. figure 1 shows the gender distribution of participants. There was a huge difference between genders. 85% of the respondents were men and 15% were women. So, this study mostly pictures men views of sustainable investing. Varsinais-Suomen Osakesäästäjät Ry has about 3000 members, so the response rate was approximately 5%. So, this survey does present the view of 5% of the members in Varsinais-Suomen Osakesäästäjät Ry. It is not large enough response rate to seamlessly reflect all of the members views and opinions but it is enough to give a good and reliable indication about it.

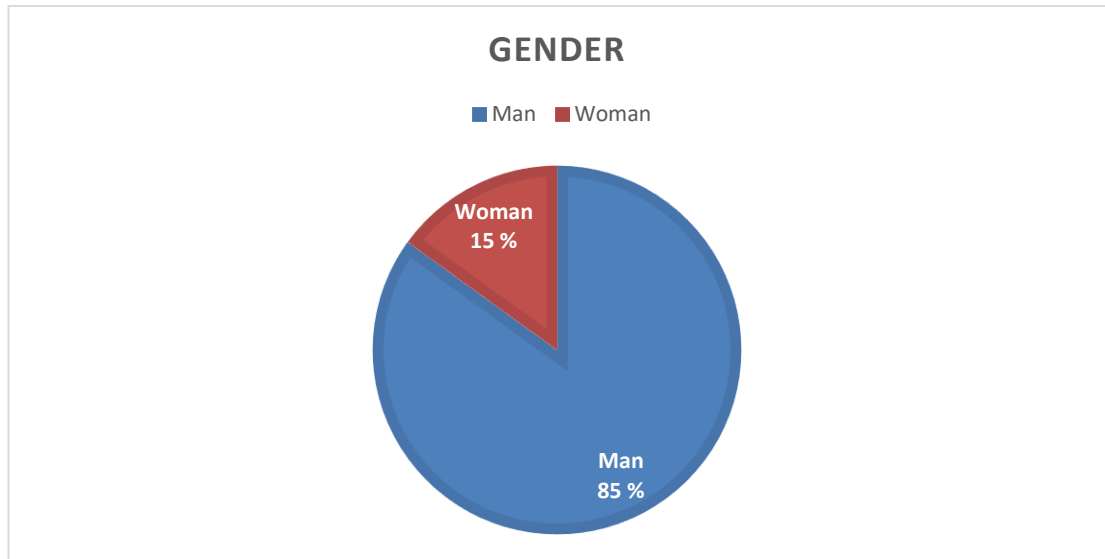


Figure 1. Gender distribution

The age distribution between the respondents were more divided. However over 56% were aged between 61-80 years as seen in figure 2.

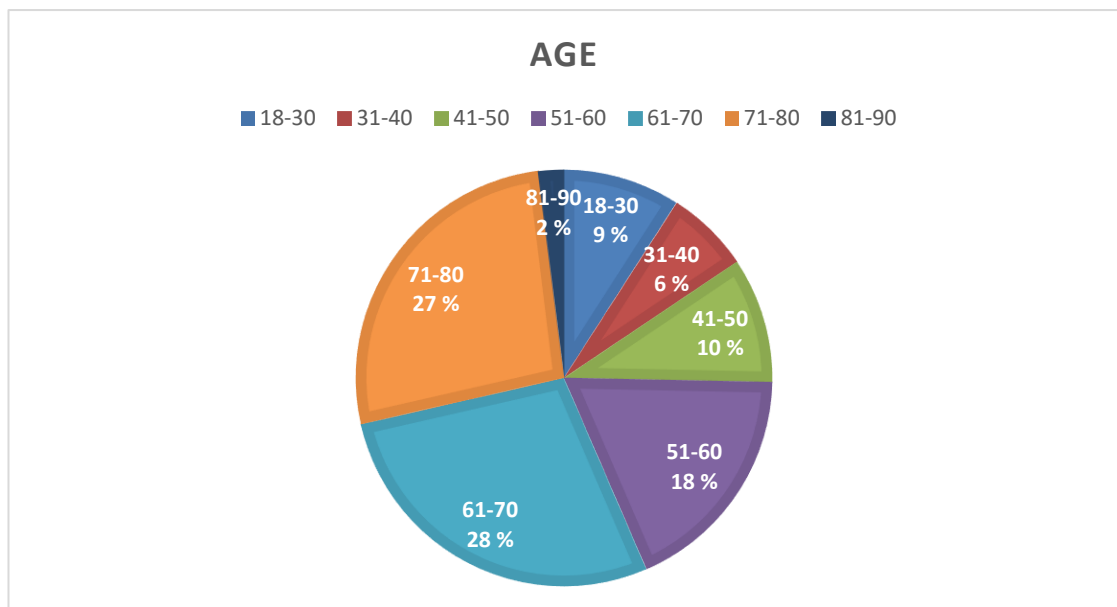


Figure 2. Age distribution

The educational base of the respondents was emphasized to university degree which over 50% of the respondents have. The second common education among

the respondents was vocational degree which 36% have. This is illustrated in figure 3.

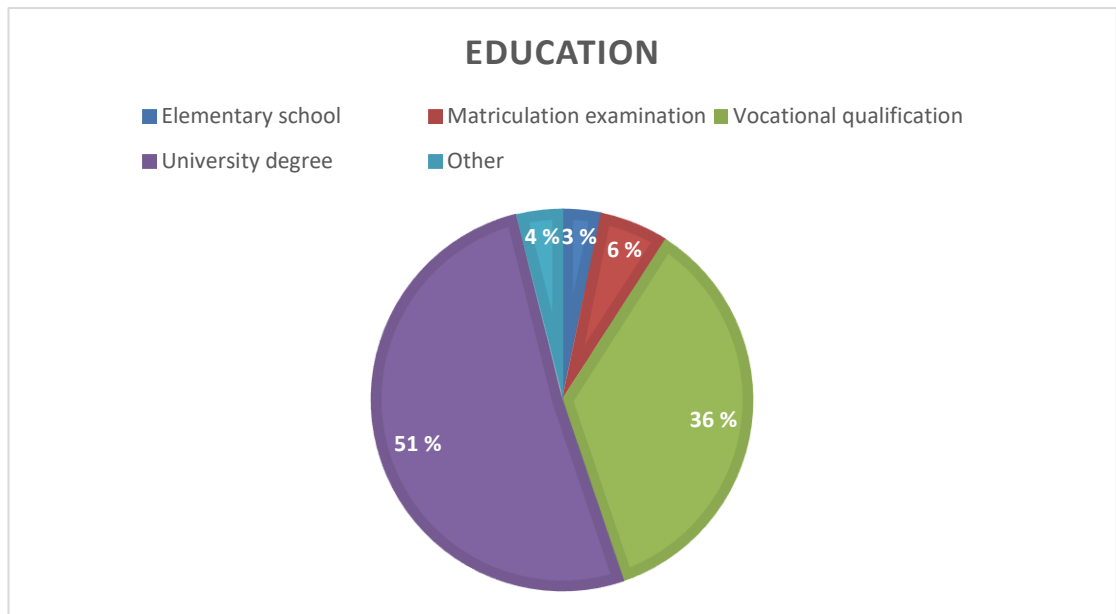


Figure 3. Education background

About 51% of the respondents had more than 20 years of investment experience, see figure 4. 25% had between 10-20 years and only 3 respondents, 2%, had quite short investing experience, less than 2 years. In overall, it can be said that the greater part of the respondents had long investment history. See figure 4.

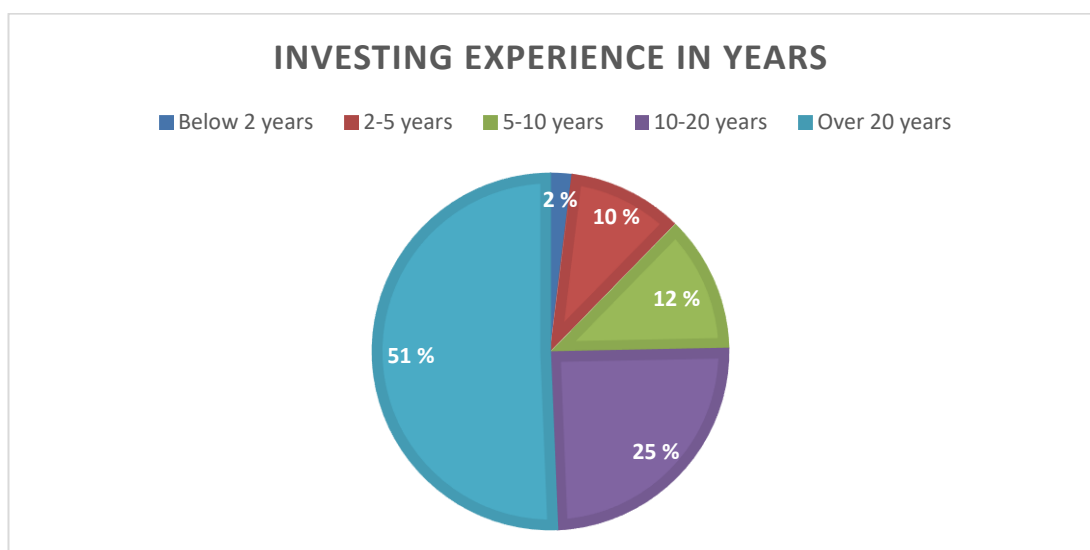


Figure 4. Investing experience

Like illustrated in figure 5, the most common investment instrument between respondents was listed shares which were held more than 98% of the respondents. More than half, 66%, also invested in funds and about 40% had also invested in real estates and/or apartments. In addition to these, as investment instruments for respondents were real forests and bonds.

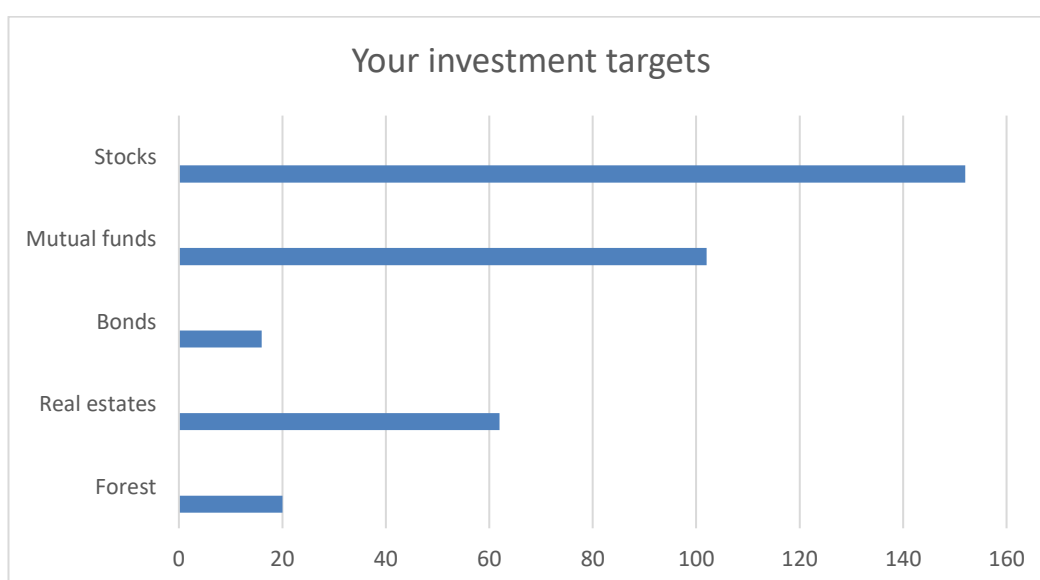


Figure 5. Investment targets

6.2 Sustainable investing according to the respondents

The respondents answered to the open question “What do you think sustainable investing means?”. This question was important because sustainable investing can be understood in different ways and different persons have different emphases in it. The answers gave a good image of the respondents’ idea about sustainable investing. A clear majority of the answers focused on a particular theme which was ESG. Environmental, social and governance issues was raised up and thought that when practicing sustainable investing, those issues are important. So, most of the respondents have quite traditional view about sustainable investing and it is in line with the general perception. Many also raised up only environmental aspects, sustainable development and climate change. This is very understandable as climate change is a current megatrend. Many respondents also noted that sustainability is, in many times, dependable on

person. A Person's own moral understanding and personal beliefs can have impact on what one thinks and decides what to consider to be sustainable and what not. Some could exclude for example meat industry from their investments, and some can include it but exclude something else.

Few respondents mentioned that sustainable investing is not a clear concept and it is hard to follow it. That is understandable since it is evolving and changing all the time and morals differ to each other. Couple of respondents mentioned that sustainability is something that will have a positive impact both to investor returns and towards society. However, few respondents did not have thought about sustainability at all and couple of persons even considered that it is a scam. All in all, it can be said that the respondent group has quite similar view on sustainable investing than what is a public perception.

6.3 Investment decisions

About 75% of the respondents answered that they take sustainability into account when making investment decisions as seen in figure 6.

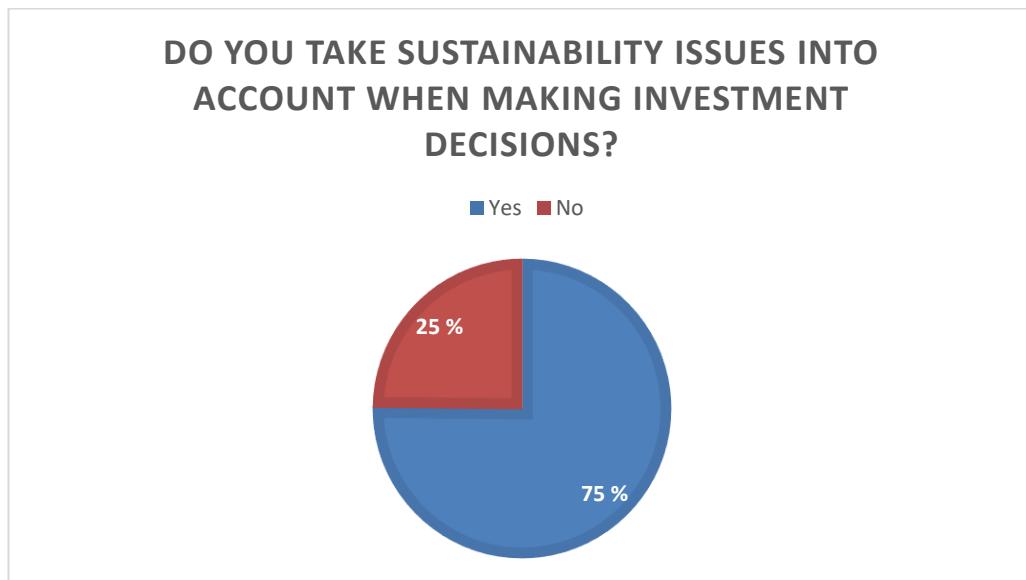


Figure 6. Sustainability, yes or no?

In a scale between 1 to 10, about 32% of the respondents answered 8 when asking how much value they put into the expected return. About 30% answered 9 and about 22% 10. So, it is clear that expected return is the most important issue when making investment decision as illustrated in figure 7. Average answer for this issue was 8.5, also highest among all issues between expected return, risk management and sustainability. The standard deviation of the answers was 1.07 which is actually the lowest between the questions. The answers were very centralized, and respondents had quite good consensus about the matter.

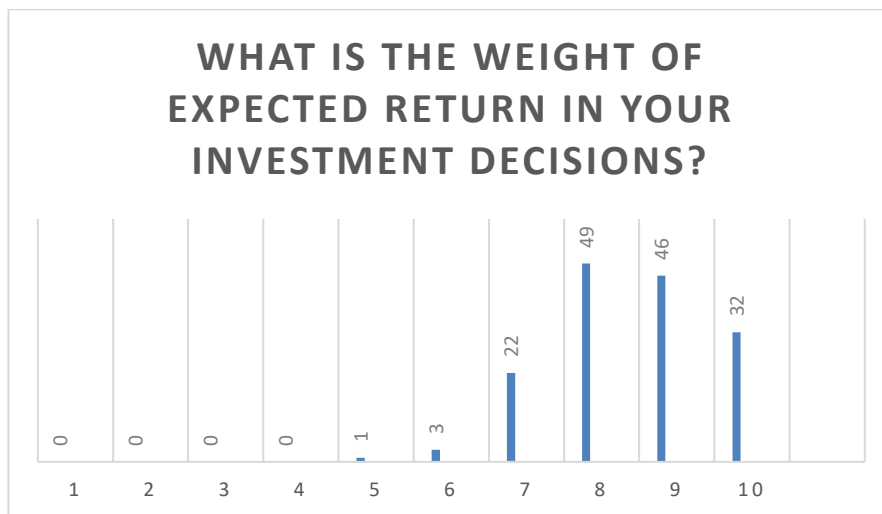


Figure 7. The importance of expected return

The second most important issue when making investment decision is risk management of the investment. In a scale between 1 to 10, about 33% of the respondents answered 8, about 20% answered 7, about 15% answered 6 and about 14% answered 9. The average response was 7.5. and standard deviation was 1.5 which means that opinion about risk management had the second higher importance and deviation was also second largest between expected return and sustainability. See figure 8.



Figure 8. The importance of risk management

Between expected return, risk management and sustainability, sustainability is the least important according to the respondents. In a scale between 1 to 10, about 25% answered 7, about 23% answered 8, about 17% answered 9. In this question, the distribution of answers was larger than when asking about expected return and risk management. Every option between 1 to 10 was answered when asking about the importance of sustainability as when asking about the other issues, the answers focused more between 6 to 10. Standard deviation was quite high, 2.3. and the average of responses was 6.6. It is clear that between these three issues, opinions differ the most in sustainability. See figure 9.

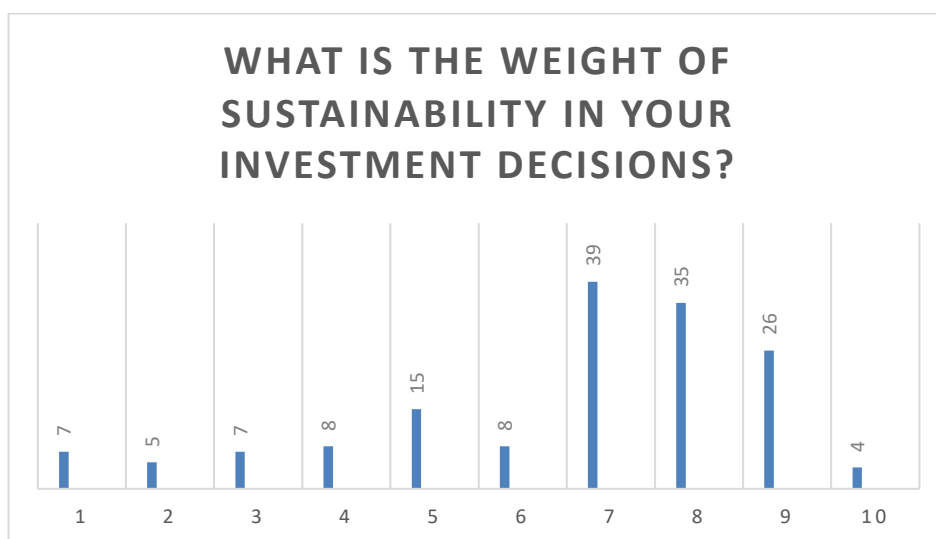


Figure 9. The importance of sustainability

6.4 Different aspects of sustainable investing

The next phase in the survey was to figure out how important matters the respondents see these four different aspects of sustainable investing: financial responsibility, social responsibility, environmental responsibility and governance responsibility regarding how a company treats its employees and is a respected employer etc. In this survey financial responsibility was described as follows: the company is constantly profitable, solvent and produces a steady dividend/return. The social responsibility was described as: the company develops the society of its location and its people, the company does not evade taxes, the company complies with the law and does not use, for example, child labour, the company does not operate in an unethical sector, such as pornography, tobacco or in the arms business. The environmental responsibility was described as: the company takes care of its carbon footprint, the company reports on its emissions and environmental protection and is transparent and comprehensive measuring to reduce their emissions. The governance responsibility was described as: the company is a respected employer among employees and the company does not practice illegal termination of contracts and takes care of occupation safety.

As seen in figure 10, the respondents were once again asked to answer between the scale of 1 to 10. When asking about the importance of financial responsibility, the most common answer was 9 which was the answer for about 35% of the respondents. 8 and 10 both get the result of 24%. The average response for importance of financial responsibility was 8.5 which is clearly the highest between the four issues. Standard deviation was 1.3 – the lowest one between different issues. 9 was also the most common answer when asking about social responsibility, about 27% of the respondents answered it as seen in figure 11. 8 was the second most common answer getting 22% and 7 the third common getting about 17% of the answers. Standard deviation was 1.9 meaning it to be the second lowest among the four issues and the average response was 7.7 which is the second highest among the questions.

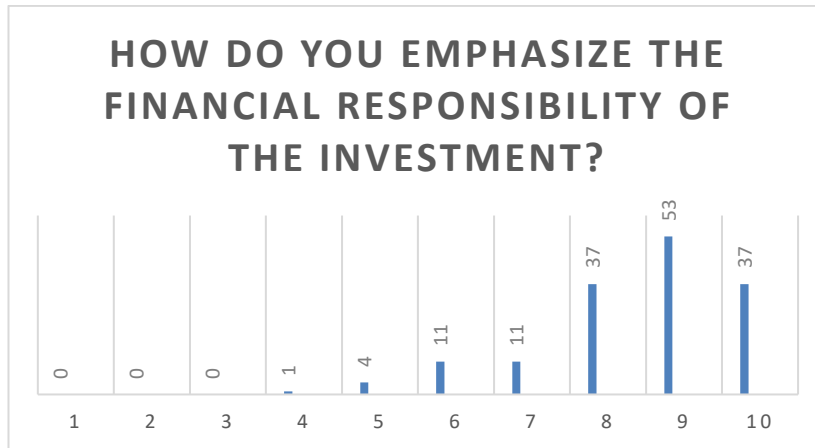


Figure 10. Importance of financial responsibility

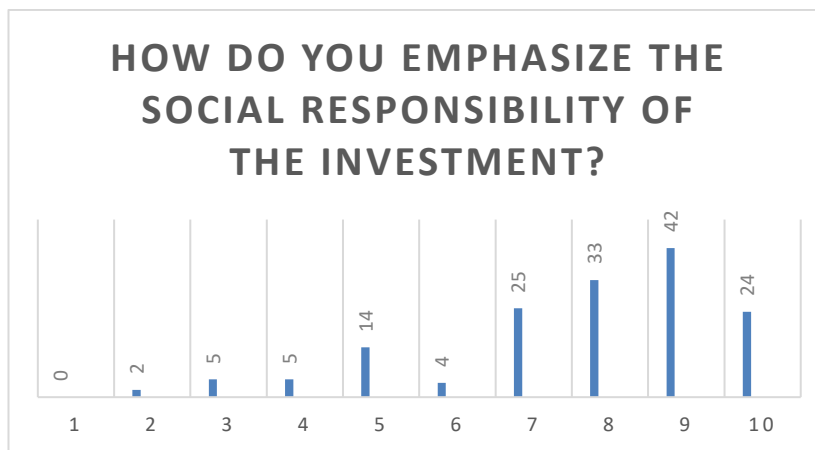


Figure 11. Importance of social responsibility

Figure 12 illustrates that the environmental responsibility considering investment, was seen as an important matter. The most common answer between a scale 1 to 10 was 8, about 31%. The second most common answer was 9, which got about 24% of the answers and 7 was the third common getting about 15% of the answers. The average response was 7.6 which is almost the same what social responsibility got and the standard deviation was 2.1 which is also quite similar than responses for social responsibility.

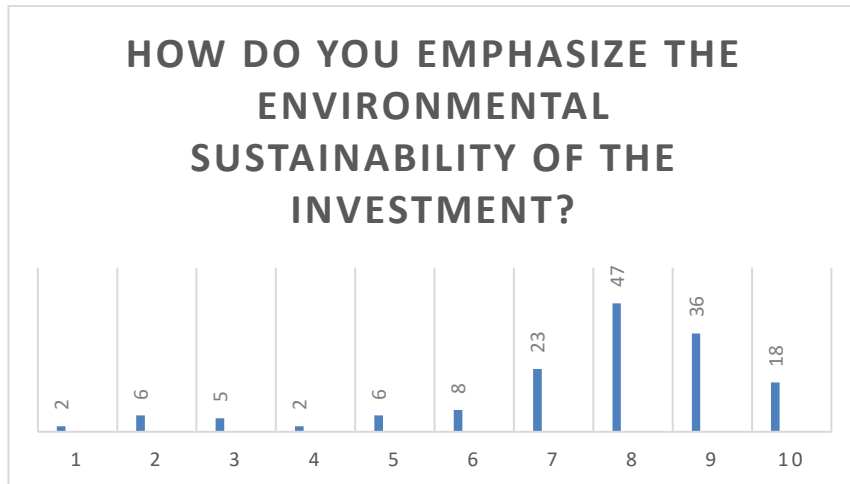


Figure 12. Importance of environmental sustainability

Figure 13 illustrates that 8 was also the most common answer when asked about governance responsibility regarding employee treatment etc. when investing, it got about 29% of the answers. 7 was the second most common getting about 19% and the third was 9 by about 17% of the answers. The standard deviation was 2.0 and the average was 7.3.

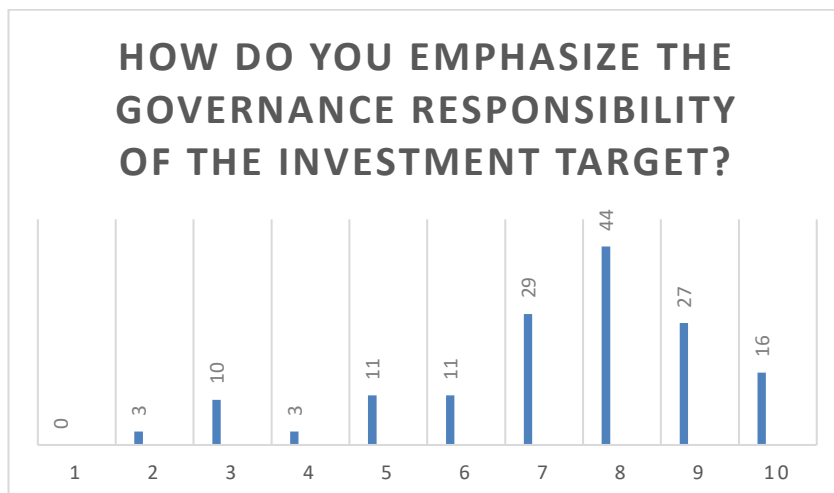


Figure 13. Importance of social responsibility

Comparing these four different aspects of sustainable investing, it is possible to see similarities in all of the answers but also some differences between them. All four aspects were important among respondents. The financial responsibility was the most important and the distribution between answers was lowest as it did not

get any answers of 1, 2 and 3 in a scale of 1 to 10. Other three aspect got a few 1, 2 and 3 answers. Social responsibility, environmental responsibility and governance issues are also very important aspects when investors are making their investing decisions. Any of those three does not clearly stand out in a crowd compared to each other's.

6.5 The goals, advantages and challenges of sustainable investing

The next phase of the survey had four different multiples chose questions. The first question was "what is your goal of the sustainable investing". There were four different answer options given. The most common answer, about 46% was "I feel that sustainable investing is part of my values". The answers "I want to contribute to sustainable development through my investment" and "better expected return on investment" both got about 43% of answers. "Better risk management" got about 39% of answers so the conclusion is that all of these four issues are quite important goals what the investors are trying to get when investing in a sustainable way. See figure 14.

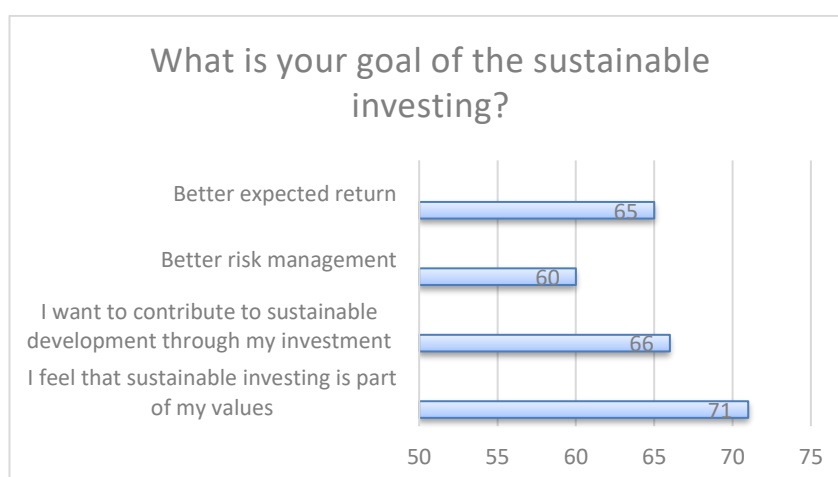


Figure 14. Goals of sustainable investing

The second multiple choice question in this area was "if you do not invest in sustainable way, why?". The most common answer was that "I do not have enough time to do research to invest sustainable", it got 37% of the answers. The

second common answer got about 29% and it was that “I do not find suitable investments”. Few persons also believed that taking sustainability into account would have a negative impact on expected return or did not believe that sustainability would bring any significant positive effects on return. See figure 15.

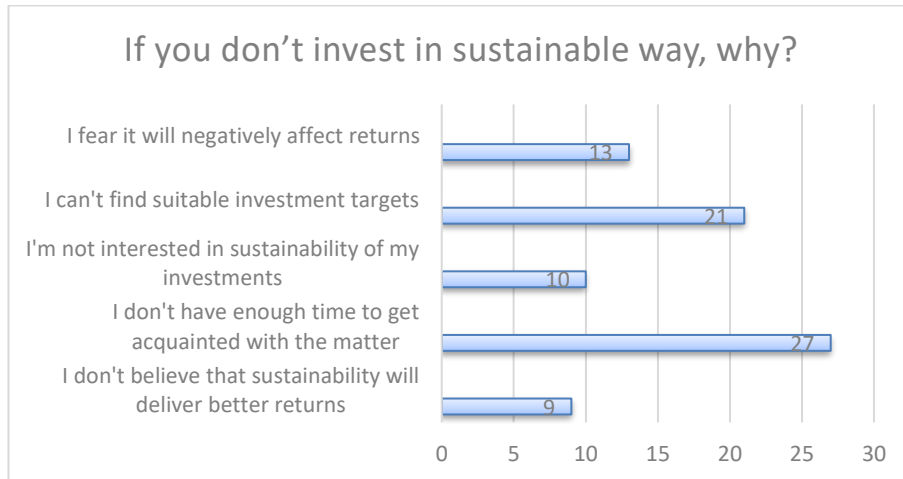


Figure 15. Why to not invest sustainable way

Sustainable investing seems to fit well with investor values. About 56% of the respondents answered that sustainable investing suits their values when asked what advantages they see in sustainable investing. 53% of the respondents also answered that they see it as an opportunity to influence sustainable development. Better risk management (about 31%) and better expected return (about 25%) was also noted by the respondents while only about 9% answered that they do not believe that there is any advantage in sustainable investing. See figure 16.

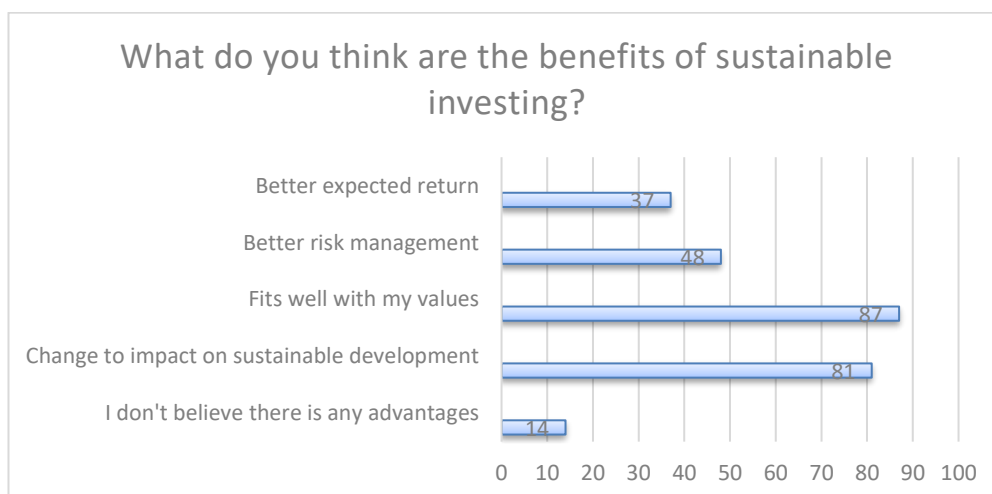


Figure 16. Advantages of sustainability

Figure 17 presents us that there are several things the respondents feel it is challenging when investing in sustainable way. About 56% of the respondents feel that it is hard to follow how sustainability come true in the companies they invest to and about 53% feel that the lack of indicators of sustainability is a challenge. 43% of the respondents also feel that it is hard to state the benefits of sustainability and some, about 27%, also feel that it is not easy to find sustainable investment target.

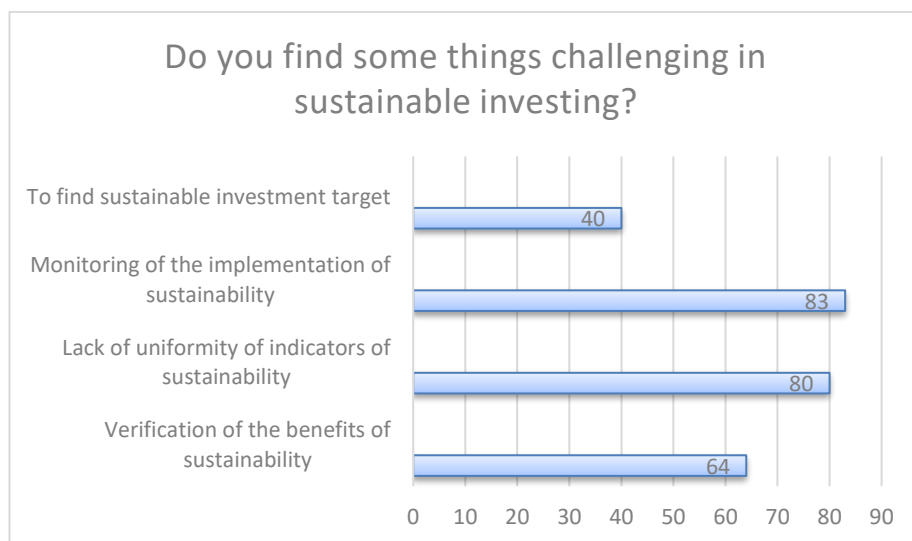


Figure 17. Challenges of sustainable investing

6.6 Opinions on sustainable investing

In this phase of the survey, the respondents were asked to answer do they totally agree, partially agree, partially disagree, totally disagree or have no opinion about five different propositions. The answers reflected same views what the respondents already answered in previous questions. Once again, the huge majority had opinion that sustainability in investments make expected return better and it does the risks of investment lower. As figured out already when asked about the challenges of sustainable investing, again the majority of respondents answered that they partially or totally disagree on proposition that it is easy to find sustainable investment target. However, for many respondents this

is not a challenge according to the results. The result was the same and even more disagreed when proposed that sustainability of investment is more important than expected return. The majority disagreed like before in the survey, but there were still many respondents who answered that they partially or totally agree with the proposition. The proposition “I am able to influence the development of corporate responsibility with my investments” got the most “no opinion” answer than other propositions. According to that we can reason that it is hard for private investor to identify if there is any impact or not. However, the most common answer to this proposition was “partially agree” while there were also many respondents who disagreed so private investors have differences in their opinions in this matter. These propositions and answers are presented in figure 18.

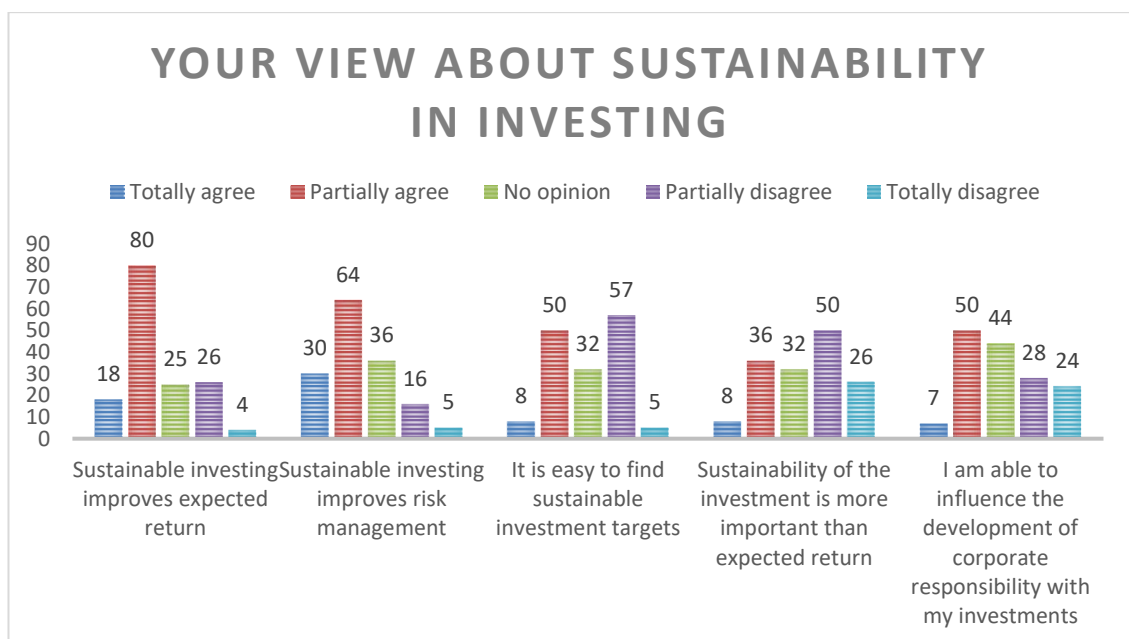


Figure 18. Views about sustainability

Sustainable investing is a growing trend according to the respondents. About 95% of them believe so. See figure 19.

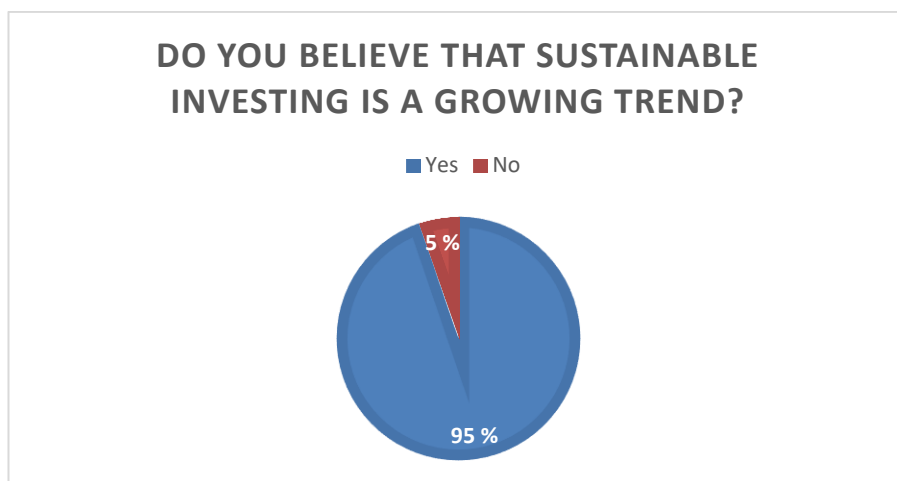


Figure 19. Trend or not

6.7 Values associated with sustainable investing

One goal of the thesis was to find out what kind of values members of Varsinais-Suomen Osakesäästäjät Ry associates with sustainable investing. In the survey that was found out by asking open question, “what values you associate with sustainable investing”. The answers were mostly as expected connected to so called warm values and associated with megatrends like sustainable development and preventing climate change. Social responsibility, taking care of nature, taking care of people, societies, health and life emerged in many responses. As well as honesty, equality and transparency were highlighted. Also, financial responsibility emerged, the respondents give prominence to knowledge of economics in societies, being well general educated, following the world events and follow the ethical guidelines as well the laws. Gro Harlem Brundtland and her definition of sustainable development from the year 1987 was also mentioned. “Sustainable development is development that meets the needs of the present without depriving future generations of the opportunity to meet their own needs.”. This shows that sustainability is not a new topic in the world but maybe it is nowadays even more in the limelight, being a megatrend of this time.

There were also few negative toned answers. Few respondents felt that sustainability is green washing, scam and nonsense. However, only one or two

respondents associated these kinds of aspects towards sustainability, so it is fair to say that a large majority linked warm values towards it.

6.8 Reliability of the study

Reliability refers to the ability of a study to produce non-random results. That is why the study should be performed with calibrated metrics and conditions should be relatively similar for all respondents. Reliability can be said to be decent because the various steps have been documented and the answers substantiated. All respondents received the questions in the same way via e-mail sent within the monthly letter of Varsinais-Suomen Osakesäästäjät Ry. All respondents also had the same response time to use. The reliability of the survey also depends on how respondents reacted to the survey and the way they have answered the questions. For example, if the answers are given in a hurry, the questionnaire has not been answered properly and the answers may not correspond to the respondent's correct opinion. However, I can assume that everyone who decided to answer the survey, had the time and sufficient interest towards it. The topic is something that surely arouse interest among investors, and they had no necessity to answer or given any reward by participating. That is why every respondent most probably answered without hurry and for their own pleasure.

The validity of the study I conducted can be considered to be decent. The survey questions were carefully considered to be appropriate for the topic. The respondents seemed to have understood the questions and the answers provided everything what was needed to get answers to the research questions.

7 SUMMARY AND DISCUSSION

In conclusion the thesis managed well in answering to the research problem which was to find out investor's views and attitudes towards sustainable investing. The research also found out different motives, values, opinions and targets the investors in Varsinais-Suomen Osakesäästäjät Ry has considering sustainable investing. In short, the majority of the respondents feels that sustainable investing suits well with their personal values and the topic is something that is important when making the world more sustainable in many aspects. A clear majority also felt that they can expect better returns and manage risks of their investments better when practicing sustainable investing. The challenges what the respondents have had when practicing sustainable investing is that it can be challenging to measure investment's sustainability rate and how sustainability come true and is not just a beautiful speech.

The theoretical framework of the thesis presented briefly investing in general and focused more on sustainable investing. It presented investors' motives, approaches and strategies for sustainable investing and how to measure sustainability. Also, corporate responsibility was presented. The theoretical framework provided a view for the world of sustainable investing.

As stated in theoretical part of the thesis, ESG issues have become more and more popular in recent years and rapidly developed as seen in picture 6. This study finds the same as 75% of the respondents said that they take sustainability issues into account when making investment decisions. It seems that the members of Varsinais-Suomen Osakesäästäjät Ry follow the same line as the mainstream.

Between expected return, risk management and sustainability, expected return was the most important thing to take care of as it got the highest average in scale of 1-10 and also the lowest standard deviation. Risk management was second and sustainability third. This is actually natural and mainstream result. The theoretical part also indicates that investor's goals what they are trying to achieve

by implementing sustainability to their investments, are mostly trying to get better expected return and manage risks better. As also stated in the theoretical part, there is strategies that seeks to impact and make a difference and create the world more sustainable by investing and profits are secondary aspect, but this is not mainstream. The conclusion for this is that as the mainstream, also the majority of this survey's respondents seeks better profits and risk management by taking sustainability into account. However, when asked is sustainability more important than expected return, 8 persons totally agreed, and 36 persons partially agreed to that claim. Most people disagreed but this shows that there are also many persons who regards sustainability more than expected return which highlights that the sustainability is a major issue when making investment decisions.

The respondents also answered how they value different aspects of sustainable investing. Financial responsibility had the lowest standard deviation and the highest average in a scale of 1 to 10 before environmental, social and governance issues. So, this result is in line with the conclusion that the respondents' value better expected return most. Between ESG, environmental, social and governance issues the most important for the respondents was social issues as also both environmental and governance issues were important to the respondents.

The survey also indicates that the members of Varsinais-Suomen Osakesäästäjät Ry feels that sustainability fits well with their values and by practicing sustainable investing they have a chance to impact on sustainable development. Investing is a tool for making an impact. This corresponds to theory of sustainable investing well. As stated in the theoretical part of the thesis, main motives for practicing sustainable investing are both set of values and making a difference. The values what the respondents link to sustainability are similar to basic elements of the theory of ESG. The values what the respondents revealed are taking care of society, environment, employees and stakeholders. Being ethical, honest and open in operations, looking towards the future, acting legally correct and being fair. However, there was also a few different opinions and some

respondents thought that sustainability is mostly green washing, but this was a view of a very small minority.

The respondents also had their chance to write whatever thoughts they have towards sustainability. It revealed that many feel that it is hard to measure sustainability and that also being one personal investor it makes hard to make a difference. These points are understandable since sustainability in investments are quite new thing and also developing constantly. The Morningstar sustainability rating was introduced in the theoretical part and these kinds of ratings can help investors to seek information about sustainability, but it is still hard because not every fund, not to mention every company have sustainability ratings. If an investor wants deeply to get acquainted with the matter, it demands time and work when reading a company's sustainability reports etc. However, as stated in the theoretical part, the investors are more and more taking sustainability into account so even if one investor cannot make a difference alone, it will affect when individual investor makes sustainability decisions, and it creates a large group of these kind of investors when everyone are taking sustainability into account. Also, 95% of the respondents believes that sustainability in investments is a growing trend so probably different indicators and ratings will also develop so investors can get more information in the near future where to base their decisions and actions.

Those respondents who answered that they are not investing in a sustainable way, had many reasons. A few, only 13 persons, feared that it will negatively affect on expected returns. As stated in the theoretical part of the thesis, there are studies which indicates that this is not true, however it is a fear of many investors. The profits in sustainable investing had not been significantly better yet in a big scale as also stated in theory part, so it is understandable fear. Most respondents, 27 persons, who are not investing in a sustainable way, are not practicing it because they have not enough time to get acquainted with the matter. This correspondent well with the answers when asking what the respondents see as a challenge in sustainable investing. So, based on the survey, it seems like only a very small minority do not practice sustainable investing because they do

not believe it but because they do not have enough time to do the needed research and they cannot find the suitable investment targets.

The aim of the empirical study was to find out what kind of opinions, values and views the members of Varsinais-Suomen Osakesäästäjät Ry have towards sustainable investing. A survey was implemented using Google Forms. The association distributed the survey by email to its members and it got a good number of answers, 155 persons answered. Based on the answers, the study managed to offer different views and a broad comprehensive conclusion to answer for research problem. The quality of the answers was good and quite professional in most answers. A clear majority was formed on most questions to support some opinion but there was always also different kind of opinions on every question. The purpose of the study was to form a holistic view how the members of Varsinais-Suomen Osakesäästäjät Ry see sustainable investing and the study was successful in this and managed to offer answer for this.

This study provides a reliable view of what members of Varsinais-Suomen Osakesäästäjät Ry think about sustainable investing. However, it does not analyse what kind of differences there might be between genders, age groups, education backgrounds etc. With 155 respondents, this study could specify some differences between persons with different age and education, but this was not the research problem in this study. However, even if wanted, this study could not specify differences between genders because so few respondents were women that results would not be reliable at all. Further research topic for this thesis could be to study differences of opinions between genders, age groups and education backgrounds. It would be interesting to see if there is differences and what kind of differences and why.

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Survey

Vastuullinen sijoittaminen

Hei! Opiskelen Turun ammattikorkeakoulussa, jossa suoritan MBA-tutkintoa. Teen opinnäytetyötä vastuullisesta sijoittamisesta ja se toteutetaan yhdessä Varsinais-Suomen Osakesäästäjät Ry:n kanssa. Olen laatinut tämän kyselyn aiheeseen liittyen ja se tullaan jakamaan vain Varsinais-Suomen Osakesäästäjät Ry:n jäsenille. Kyselyn vastaukset ovat anonyymeja ja sen tulokset ovat osa opinnäytetyön tutkimusaineistoa. Kyselyyn vastaaminen kestää noin 5-10 minuuttia. Tulokset tullaan työn valmistuttua esittelemään Varsinais-Suomen Osakesäästäjät Ry:lle. Kiitos ajastanne, jokainen vastaus on tärkeä! Terveisin, Toni Suomi.

Sukupuoli? *

- Mies
- Nainen

Ikä? *

- Alle 18
- 19-30
- 31-40
- 41-50
- 51-60
- 61-70
- 71-80
- 81-90
- Yli 90

Koulutustausta? *

- Kansakoulu/keskikoulu/peruskoulu
- Ylioppilastutkinto
- Ammattitutkinto
- Korkeakoulututkinto
- Muu

Sijoituskokemus vuosina *

- Alle 2 vuotta
- 2 - 5 vuotta
- 5 - 10 vuotta
- 10 - 20 vuotta
- Yli 20 vuotta

Sijoituskohteesi? *

- Pörssiosakkeet
- Rahastot
- Joukkovelkakirjat
- Kiinteistöt / asunto-osakkeet
- Metsä

Mitä vastuullinen sijoittaminen mielestäsi tarkoittaa?

Pitkä vastausteksti

Otatko vastuullisuusasioita huomioon sijoituspäätöksiä tehdessäsi?

Kyllä

En

Mikä painoarvo tuotto-odotuksella on sinun sijoituspäätöksissäsi?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo

Suuri painoarvo

Mikä painoarvo sijoituksen riskienhallinnalla on sinun sijoituspäätöksissäsi?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo

Suuri painoarvo

Mikä painoarvo sijoituksen vastuullisuudella on sinun sijoituspäätöksissäsi?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo

Suuri painoarvo

Miten painotat seuraavaa neljää eri sijoituskohteen vastuullisuuslajia:

Taloudellinen vastuu:

- yritys on jatkuvasti kannattava, vakavarainen ja tuottaa tasaisesti osinkoa/tuottoa.

Yhteiskuntavastuu:

- yritys kehittää toimipaikkansa yhteiskuntaa ja sen ihmisiä
 - yritys ei kierrä veroja
 - yritys noudattaa lakeja, eikä käytä esim. lapsityövoimaa
 - yritys ei toimi epäeettisellä alalla, esim. porno-, tupakka-, tai asebisneksessä.

Ympäristövastuu:

- yritys huolehtii hiilijalanjäljestään
 - yritys raportoi päästöistään ja ympäristönsuojelustaan
 sekä päästöjensä vähentämistoimista avoimesti ja kattavasti

Sosiaalinen vastuu:

- yrityksellä ei ole laittomia irtisanomisia tai
 työturvallisuusrikkomuksia jne.
 - yritys on arvostettu työnantaja hakijoiden keskuudessa

Miten painotat sijoituskohteen taloudellista vastuullisuutta?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo Suuri painoarvo

Miten painotat sijoituskohteen yhteiskuntavastuullisuutta?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo Suuri painoarvo

Miten painotat sijoituskohteen ympäristövastuullisuutta?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo Suuri painoarvo

Miten painotat sijoituskohteen sosiaalista vastuullisuutta?

1 2 3 4 5 6 7 8 9 10

Vähäinen painoarvo Suuri painoarvo

Mitä tavoittelet vastuullisella sijoittamisella?

- Parempaa tuottoa
- Parempaa riskienhallintaa
- Haluan vaikuttaa sijoittamisellani kestävään kehitykseen
- Koen vastuullisen sijoittamisen kuuluvan arvomaailmaani
- Muu...



Jos et sijoita vastuullisesti, miksi?

- Pelkään sen vaikuttavan sijoituksen tuottoon negatiivisesti
- En löydä sopivia sijoituskohteita
- En ole kiinnostunut sijoituskohteen vastuullisuudesta
- Minulla ei ole aikaa perehtyä asiaan tarpeeksi
- En usko vastuullisuudella saavutettavan parempaa tuottoa
- Muu...

Mitä hyötyjä mielestäsi vastuullisessa sijoittamisessa on?

- Parempi tuotto-odotus
- Parempi riskienhallinta
- Sopii arvoihini
- Mahdollisuus vaikuttaa kestävään kehitykseen
- En usko siinä olevan hyötyjä
- Muu...

Koetko joitakin asioita haasteellisiksi vastuullisessa sijoittamisessa?

- Vastuullisen sijoituskohteen löytäminen
- Vastuullisuuden mittareiden yhteinäisyyden puute
- Vastuullisuuden toteutumisen seuranta
- Vastuullisuuden hyötyjen todentaminen
- Muu...

Näkemyksesi vastuullisesta sijoittamisesta

	Täysin samaa ...	Osittain samaa...	Ei näkemystä	Osittain eri mie...	Täysin eri mieltä
Vastuullinen sij...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vastuullinen sij...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vastuullisia sijo...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sijoituskohteen ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pystyn vaikutta...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Uskotko vastuullisen sijoittamisen olevan kasvava trendi?

 Kyllä En

Minkälaiset arvot yhdistät vastuulliseen sijoittamiseen?

Pitkä vastausteksti

Vapaa sana, mielipiteesi ja ajatuksesi vastuullisesta sijoittamisesta?

Pitkä vastausteksti