

Norsif study shows lack of attention to responsible and sustainable investment in finance courses

Norsif – Norwegian Forum for Responsible and Sustainable Investment - has published a report looking at how Norwegian Universities and Business schools incorporate responsible and sustainable investment practices in the curriculum of studies in finance and economics.

The results of the study highlight a mismatch between investors' evolving practices related to responsible and sustainable investment and the instruction that students in finance and economics are receiving in Norway. While there were some positive, and promising, examples of integrating responsible and sustainable investment in courses in finance and economics, the study showed a general lack of dedicated teaching in this area.

"It is in the best interest of the students and the investment industry that educational institutions also address the financial aspects of responsible and sustainable investment. We are seeing a great development in this area among investors in Norway, many of whom are discussing and testing new strategies related to responsible and sustainable investment. It would be wonderful to have the academic community participating in this development. We believe this way of thinking about investments can create positive social change, provide competitive advantages for the individual players and contribute to improving the entire market", says Norsif's Chair Heidi Finskas.

About the study

Norsif represents asset owners, managers and other stakeholders working actively with responsible and sustainable investment in Norway. Norsif has a stated goal of engaging with academic institutions to encourage the integration of responsible and sustainable investment in the curriculum of finance and economic studies as well as in academic research at relevant Norwegian educational institutions.

The purpose of the study was to identify if, how and to what extent relevant Norwegian educational institutions are incorporating topics related to responsible and sustainable investment practices in the instruction of finance and economics courses. The results of the study will be used as a basis for dialog with the relevant institutions.

The study was carried out by EY on behalf of Norsif in the winter of 2013/2014.

Responsible and sustainable investment

The term *responsible and sustainable investment* includes different several types of strategies. This may entail, among other things, an investment approach that recognizes the relevance of environmental, social and corporate governance (ESG) factors in managing risk and contributing to long-term returns or including ethical considerations in various stages of the investment process. Responsible and sustainable investment may include the integration of ESG factors in traditional investment analysis and may be relevant for, among other things, allocation of capital, stock selection, construction of portfolios, active ownership and voting.

Main findings

Of the 21 institutions that participated in the survey, none reported to offer a degree, a course or a special subject module dedicated to responsible and sustainable investment.

24 percent of the participating institutions reported that they nonetheless offer some education considered directly relevant to responsible and sustainable investment. This teaching primarily focuses on approaches with an ethical motivation, such as exclusion of companies found to be in violation of ethical norms. There are still very few institutions teaching approaches to responsible and sustainable investment that are motivated by a focus on better returns, such as taking into account ESG factors in the investment analysis or in the monitoring of portfolio companies. There is thus little instruction that reflects investors' growing focus on ESG factors in terms of their potential impact on risk and returns.

85 percent of participating institutions report that they do, however, offer education which is regarded as indirectly associated with responsible and sustainable investment practices. This type of education includes instruction in subjects such as ethics, philosophy, corporate responsibility, corporate governance and non-financial accounting. Although instruction related to these topics does not deal directly with responsible and sustainable investment, it is nonetheless relevant when it comes to developing students' understanding of ESG factors and how they may be incorporated in investment decisions. Also, it should be noted, that the education classified as indirectly associated with responsible and sustainable investments was often found to have a primarily ethical focus.

Observations

The study shows that the limited offering of education dedicated to responsible and sustainable investment, particularly from a financial perspective, does not reflect investors' growing focus on ESG factors in various aspects of their investment activities. The study has, however, identified a number of initiatives that can provide opportunities for more teaching dedicated to, directly relevant to, or indirectly associated with responsible and sustainable investment in the future. Norsif plans to make use of the results of the study to engage with, among others, the responding educational institution to enhance the current offering of such instruction to bring it more in line with the expectations and practices of Norsif's member organizations.

Contact us

For more information about Norsif and to access the full report (in Norwegian), please see www.norsif.org.

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