

Sustainable Investing

Key Definitions

Concessionary returns impact investment:

Transformational impact. Acceptance of below-market financial returns to have a positive impact. e.g. buying an office and providing rent-free to a charity

Impact Investment:

Investing to earn market-rate financial returns, while having an intentionally positive, social, and/or environmental impact e.g. Constructing social housing

Positive ESG Screening:

Focus on investments to favor those performing better on EDG (Environmental, Social, Governance) factors E.g. Stocks focusing on renewables

Negative ESG Screening:

Excludes investments that negatively contribute to society and/or the environment E.g. ESG policy adopted by an equity fund

Green Washing:

Claim of positive social/ environmental impact not backed by fundamental impacts of investment

Negative Impact Investing:

Investments that are destructive to society E.g. Tobacco business

Types of Investment Structures:

There are several different ways that you can invest your money, here are just some examples; mutual funds, index funds and ETF's

Some Further Reading

- [Bloomberg Sustainable Investing](#)
- [Sustainable Investing is Booming](#) - Yahoo Finance
- [BlackRock Sustainable Investing](#)
- [You're in Good Company Podcast](#) - Our special guests
- [Investing Youngster](#)
- [Clever Girl Finance](#)
- [The Barefoot Investor](#)
- [Sustainable and resilience finance](#), OECD Business and Finance
- [Ethical superannuation: what is it, and does it actually work?](#)
- Sustainable Investing: Revolutions in Theory and Practice, by Sophie Purdom (2016): Link to preview of the book is available [here](#)
- [Investment terms everyone should know](#)

Check out Episode #43 for the full interview with Sophie and Maddy from the "You're in Good Company" Podcast

Key Arguments

Sustainable investing is about investing in progress, and recognizing that companies solving the world's biggest challenges can be best positioned to grow. It is about pioneering better ways of doing business, and creating the momentum to encourage more and more people to opt into the future we're working to create.

Through the combination of traditional investment approaches with environmental, social, and governance (ESG) insights, investors ranging from global institutions to individuals are taking a sustainable approach to pursue their investment goals.

There is two impact investing metric's that can assess the environmental performance of an enterprise:

- Impact Reporting and Investment Standards (IRIS)
- Global Impact Investment Rating System (GIIRS)

What are ETF's?

An exchange-traded fund(ETF) is a type of investment fund and exchange-traded product, i.e. they are traded on stock exchanges. ETF's is a basket of securities that trade on an exchange, just like a stock.

Cary Krosinsky argues :

There are "sever tribes" of sustainable and impact investing, which are used to delineate the type and values associated with the investment you choose to make e.g. ethical, community-led . .

What you can do:

There are some easy tips and tricks to ensure your finance is sustainable:

- Review your superannuation to ensure it does not invest in fossil fuels
- Invest in the Best Socially Responsible Mutual Funds:
- iShares MSCI KLD 400 Social ETF (DSI)
- SDRP S&P 500 Fossil Fuel Reserve (SPYX)
- Vanguard FTSE Social Index (VFTSX)
- SPDR SSGA Gender Diversity Index (SHE)
- Eventide Gilead Fund (ETGLX)
- TIAA-CREF Social Choice Bond Fund (TSBIX)

The best thing to do is to learn more about what companies are doing in the field of ESG's and sustainability. Some handy links include:

- [Bloomberg Finance](#)
- [Market Forces](#)

