



# Sustainable Investing

explained in 9 questions



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QUESTION #

01

What is  
sustainable  
investing?



In this brochure, when we talk about sustainable investing we mean considering **environmental, social, and governance (ESG)** factors alongside expected financial return when making investment decisions.

Overall, sustainable investing aims to promote long-term investments in sustainable economic activities and/or avoid doing harm to the planet or society.



"Climate change is about all of us. We have the duty to act and the power to lead."

Ursula von der Leyen  
European Commission  
President

## Examples of E, S and G factors



### ENVIRONMENTAL FACTORS

- Climate change
- Resources depletion
- Waste
- Deforestation
- Pollution
- Biodiversity
- Carbon emissions



### SOCIAL FACTORS

- Human rights issues
- Child labour
- Working conditions
- Inequality
- Inclusiveness



### GOVERNANCE FACTORS

- Transparency
- Accountability
- Financial fraud
- Corruption
- Board structure
- Remuneration
- Diversity

QUESTION #

02

Why is  
sustainable  
investing  
important?



There is an urgent need to address global challenges such as climate change, biodiversity loss and infringement of human rights, which are serious threats to our world and society. Some of these challenges require huge investments from both the public and private sectors to tackle them. They also increasingly represent a risk to companies that do not consider them and an opportunity to those that do.

## SUSTAINABLE DEVELOPMENT GOALS



There have been a series of global commitments to stimulate sustainable investment.

In 2006, the Principles for Responsible Investment were published by the United Nations, which offer a way to incorporate ESG factors when making investment decisions.

In 2015, sustainability investing became even more prominent following the adoption of the Paris Climate Agreement and the United Nations' Sustainable Development Goals.

The European Union takes sustainability seriously and made it a top priority, by creating laws that facilitate financing for companies and projects that have a positive impact on people and the planet.

QUESTION #

03

What sustainable investment strategies are available?



# Sustainable investment strategies can take many forms and use different tools

## BEST-IN-CLASS

Selecting companies for investment that are leaders in their industry in terms of environmental, social or governance criteria.

## ENGAGEMENT & VOTING

Actively engaging with companies on ESG issues to influence their behavior and encourage positive outcomes. This can involve voting on important sustainability topics.

## NORMS-BASED SCREENING

Screening investments based on international norms, such as those set by the United Nations, to ensure they align with responsible and ethical standards.

## EXCLUSIONS

Avoiding investments in companies or industries that are harmful to the environment or society, like oil, coal, weapons, tobacco, etc.

## SUSTAINABILITY-THEMED

Investing in themes contributing to the development of sustainability, such as sustainable agriculture, green buildings, reducing carbon emissions, promoting gender equity, and diversity.

## IMPACT INVESTING

Investing with the intention to generate positive, measurable, environmental or social impact, alongside expected financial returns.

*Reference:* [Responsible Investment Strategies](#)



QUESTION #

04

What impact  
can my  
sustainable  
investments  
have?



# As an investor, you can have real-world impact in different ways

## FINANCING COMPANIES

You can support companies that have a positive impact on people and the planet by directly financing them, e.g. buying new shares or green bonds issued by the company or investing in funds that do this. This can also include companies that are transitioning towards more sustainable business models.

## ENCOURAGING COMPANIES

You can encourage companies with negative ESG impacts (“brown” companies) to change for the better by relying on investment fund managers who engage with the companies they invest in to improve their ESG performance. This can happen through voting at shareholder meetings, discussions with management, public pressure, and even taking board seats. The impact of your investment will depend on the effectiveness of that engagement and whether the company transitions towards a more sustainable business model.

## SENDING MARKET SIGNALS

You can invest in companies with positive impact or in transitioning companies, and avoid companies with negative impact. This improves the liquidity and overall attractiveness of those companies’ shares while potentially decreasing their financing cost, thereby rewarding good ESG behaviour.

## What is investor impact?

### INVESTOR IMPACT

is the change in company impact caused by investment activities

### COMPANY IMPACT

is the change in the world caused by company activities



**Investor**



**World**

- *Enable growth*
- *Encourage improvement*

- *Adapt products, services & operations*



**company**

QUESTION #

05

What level of returns do sustainable investments generate?



Several studies show that sustainable investment strategies can deliver **similar or higher financial returns** compared to traditional investments.



### Research studies show:

As more investors shift towards green and transitioning companies, their share prices tend to rise.

Good corporate governance practices contribute to better risk management, improved working conditions, and potentially higher sales growth and profits.

Companies that address sustainability risks are more resilient against negative events, such as extreme weather, that could harm their business.

However, some other studies suggest that sustainable investment products do not necessarily outperform their non-ESG peers. Since sustainable investing is still relatively new, **more research is needed** to draw definitive conclusions.

**References:** [Edhec](#), [MSCI](#), [The Impact Investor](#), [Harvard](#).

### Two things to remember:

01

All investments carry risks, including sustainable investments.

02

Sustainable investing allows investors to pursue goals beyond financial returns, such as contributing to positive environmental and social impacts.

QUESTION #

06

Can I be sure  
that the product  
will be truly  
sustainable?



**Various laws** have been adopted to encourage the transition towards a more sustainable world and make sure that companies that handle investment funds and other financial products are transparent with investors about how sustainable their investments really are.

Fund managers need to give clear and detailed information about how they include ESG factors when they invest. But since there is **no one-size-fits-all rule** for what counts as sustainable, they have some freedom in how they define this.

To show that their investments are sustainable, they can also get labels certifying that they meet certain environmental or social standards.

Each country has authorities in charge of making sure the laws are followed. They have the power and tools to enforce these sustainable finance requirements and punish those who try to mislead people with false green claims, i.e., “greenwashing”.



“Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

UN World Commission on Environment and Development

QUESTION #

07

What sustainable  
investment  
strategies should  
I opt for?



## Reflecting upon these questions will help you identify your sustainability preferences.



Are you worried about specific **environmental issues** like climate change, waste, marine resource depletion, pollution, or biodiversity loss?



Do you care about **social issues** such as human and labour rights, diversity and inclusion, and community engagement?



Do **governance topics** like board diversity, executive compensation, lobbying and political contributions, or transparency and disclosure matter to you?



Are specific **sustainability issues** more important to you than others?



Are there **specific industries** you want to avoid investing in or supporting due to their negative environmental or social impacts?



Would you prefer to have a **direct impact** by financing projects that create positive change, or do you want to put pressure on companies to reduce their negative impact?



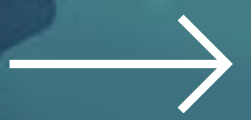
Thinking about what motivates you to invest sustainably will help you identify your ESG preferences.



QUESTION #

08

How could I start investing sustainably?



## You don't have an investment account yet:

Start by opening one with a bank or an online investment platform. During the registration process, you will be asked to provide important information about your financial situation, investment knowledge, risk tolerance, investment time horizon, investment goals, and preferences regarding sustainability.

## Once you have an investment account:

Have a conversation with your banker or financial advisor. When discussing your sustainability preferences, share your motivations and what you hope to achieve with your investments. Discuss your interest in sustainable strategies and work together to create an investment plan that reflects your personal values. Based on this conversation, you should be offered a range of products that correspond to your sustainability preferences.

## Saving for your pension:

If you belong to an employer-sponsored pension plan and/or have an individual retirement savings scheme, feel free to discuss with your employer/provider whether they can adapt their investment strategies to your sustainability preferences.

[Check out our previous brochure for 5 useful tips on how to do more with your savings.](#)

QUESTION #

09

What questions  
should I ask  
before selecting  
a sustainable  
product?





What is the investment product's **strategy** and how does it align with my sustainability preferences?



What specific **ESG factors\*** does the product consider and how are they evaluated?



What **impact** will my investment have on the environment or society?



Does the product manager **engage** with companies on ESG issues?



How do the **fees and value** compare to other investment products?



How do the **risks** compare to other investment products and align with my risk appetite and investment time horizon?

*\*See question 1 for examples of ESG factors*

The better you understand the characteristics of the investment product, the better your decision.



# Your future is in your hands!

"The world will not be destroyed by those who do evil, but by those who watch them without doing anything."

Albert Einstein



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NOVEMBER 2023

