ETHICAL INVESTING

Investing for a better future

Ethical investing is an approach that seeks to generate financial returns while also considering the wider impact investments have on society and the environment.

Rather than focusing solely on financial performance, it takes into account issues such as **climate change, environmental stewardship, human rights, labour standards, corporate governance**, and **community impact.**

As global awareness of environmental and social challenges has grown, more investors are looking for ways to ensure their money supports a more sustainable and responsible future.

Ethical investing offers a framework for doing this by directing capital towards companies and organisations that demonstrate strong environmental and social practices, while avoiding those associated with significant harm.

THERE ARE SEVERAL APPROACHES TO ETHICAL INVESTING

1. EXCLUSIONARY INVESTING

Involves excluding sectors or companies with high negative impacts, such as those heavily involved in fossil fuels, tobacco, or other controversial industries.

2. BEST-IN-CLASS INVESTING

Focuses on "best-in-class" investing, where capital is allocated to companies that are leaders in improving sustainability practices within their sector.

3. ACTIVE STEWARDSHIP

Involves engaging with companies to encourage better behaviour, improved transparency, and stronger long-term sustainability outcomes.

CLIMATE CHANGE: A KEY AREA OF FOCUS

Climate change is one of the most significant risks and challenges facing the global economy. It also represents a major area of focus within ethical investing. Many investors now seek to understand and reduce the carbon footprint of their portfolios, and to support businesses contributing to the transition towards a lower-carbon economy.

TRANSPARENCY IS ESSENTIAL

A key part of ethical investing is transparency. This includes measuring and reporting environmental impact, assessing climate-related risks, and encouraging companies to disclose how they are managing their sustainability performance.

Frameworks such as the recommendations of the Task Force on Climate-related Financial Disclosures **(TCFD)** have helped to improve consistency and accountability in this area.

MEASURE
Environmental impact

ASSESS
Climate-related risks

DISCLOSE
Sustainability performance

IMPROVE
Consistency and accountability

ALIGNING FINANCE WITH VALUES FOR A BETTER FUTURE

While ethical investing cannot by itself solve global challenges, it plays an important role in aligning financial decisions with personal values and broader societal goals.

Direct capital to responsible businesses → Support positive social and environmental impact → Drive long-term value and resilience → Help build a more sustainable and resilient global economy