



# SUSTAINABLE, RESPONSIBLE, IMPACT INVESTING

Doing well by doing good.

## ABSTRACT

Everything we do has a global impact. From the groceries, we buy to the corporations we invest in, the ways in which we spend and invest send small economic ripples throughout the world. The small ripples combine and become waves that can change how the world operates. What if we were to be more thoughtful about how we spend and invest? What would the world look like if we chose to spend and invest in companies that did not profit from exploitation, weapons, and deception?

Eric Souders AWMA

## Sustainable, Responsible, Impact Investing

Everything we do has an impact. All the choices that we thoughtfully struggle with and the choices we leave to entropy have impact. How we choose to spend and invest our money has an impact that ripples throughout the world. The question is, what do you want your impact to be?

Do you intentionally buy sustainable, organic, locally, raised food for the personal health benefits, quality, and the better ethical treatment of animals and farmlands? Do you shop at locally owned stores understanding that what you spend there does more for our local economy than shopping at multinational chains that send local profits out of town? Would you knowingly buy food, clothing, or electronics that involved slave labor and mass deforestation?

What you don't know is also having an impact. The lack of this knowledge, is causing someone pain and suffering somewhere in the world. You cannot be expected to know that some of the biggest chocolate producers' cocoa is harvested by child slaves or that palm oil in most of the products you eat are contributing to climate change and the slavery problem. Would you knowingly invest in these companies that profit from human rights violations? As the humanitarian that you are, I don't believe you would.

Unknowingly, you are most likely invested in companies that do profit on abuses by their supply chains, or using shareholder money for political contributions and lobbying that result in tax subsidies, industry deregulation, budget allocations and government contracts.

You have the choice to invest in companies who stand by policies, practices, behavior and impacts that you would be proud of. These are the companies of the future. Remember Enron, Massey Energy, WorldCom and EF Hutton? These are examples of companies of the past. Companies whose abusive behavior put them out of business and took a great amount of shareholder money with them.

There are fund managers who not only seek to invest in companies of the future, but seek to manage risk by examining corporate behavior through environmental, social and governance lenses. In addition to that, as company shareholders, fund managers work with corporate executives to change corporate behavior for the better.

Consider this success story; about 10% of green-house gasses come from the burning of forests and jungles to make way for farming in South America and Asia. In 2012, 90% of all palm oil came from plantations that were created by massive burn offs and then worked with child labor. Green Century Capital and other fund companies, dedicated to sustainable and responsible impact, worked with the Rain Forest Initiative to convince Kellogg's, General Mills, Safeway, and many other companies to establish non-deforestation and exploitation policies for their supply chains. As the biggest purchasers of palm oil declared they would no longer be buying deforestation tainted palm oil, the world's biggest palm oil traders, Wilmar and Unilever, were economically forced to declare their own non-deforestation and exploitation policies. Three years later, less than 20% of the worlds palm oil supply can be linked to deforestation and exploitation.

This demonstrates the power of your investment dollars invested with a fund company that practices shareholder activism. Through this process, companies found in an ESG dedicated mutual fund's portfolio become less of a risk to your savings and make the world a better place.

According to a 2015 study by Morgan Stanley: Sustainable Reality: Understanding the Performance of Sustainable Investment Strategies, “there is a positive relationship between corporate investment in sustainability and stock price and operational performance, based on a review of existing studies.” The study also finds that, “Sustainable equity Mutual Funds had equal or higher median returns and equal or lower volatility than traditional funds for 64% of the periods examined.”

As an investor there are many options to invest sustainably, responsibly and with impact. How do you want to impact your world, community, family, and life? A different world cannot be built by indifferent people.

*Eric Souders is an Accredited Wealth Management Advisor at Ascendant Financial Solutions, Eric is dedicated to making a positive impact on client lives and the world at large with ESG integrated investment strategies.*