

Socially Responsible Investing

What is Socially Responsible Investing?

Socially Responsible Investing (SRI), social investment, sustainable investing, “green” or ethical investing is any investment strategy which aims to consider both financial return/growth as well as social and environmental good.

In general, socially responsible investors encourage the practices of companies that they believe promote environmental stewardship, consumer protection, human rights and racial or gender diversity.

Socially responsible investing is one of several related concepts and approaches that influence and, in some cases, govern how asset managers invest portfolios.



How does it work?

Recently, it has also become known as “sustainable investing” or “responsible investing”. There is also a subset known as “impact investing” which is devoted to improving social and environmental consciousness or policies within companies through direct corporate investment and shareholder advocacy*.

***Shareholder Advocacy:** Shareholders can ask companies whose stock they own to take action or change behaviours. Commonly this is achieved by arranging topics to be voted upon at corporate annual general meetings.



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Some SRI's avoid investing in businesses perceived to have negative social effects such as alcohol, tobacco, fast food, gambling, pornography, weapons, fossil fuel production or the military. The areas of concern recognised by SRI practitioners are sometimes summarised under the heading "ESG issues"



Does it just mean not investing in companies which do harm?

The term "socially responsible investing" sometimes narrowly refers to practices that seek to avoid harm by screening companies for ESG risks before deciding whether or not they should be included in an investment portfolio. However, the term is now used more broadly to include more proactive practices such as impact investing, shareholder advocacy and community investing. These are widely viewed as more adequate in shaping positive changes on social and environmental issues.



Would you like more information?

Please contact your adviser.

Please note: Investments can go down as well as up and you might not get back the original capital invested