

Planting the seeds for **success:**

# **SOCIALLY RESPONSIBLE INVESTING**



A close-up photograph of two hands gently cupping a small green seedling with two leaves. The background is a solid blue color.

# WHAT IS SRI?

A photograph of a sailboat on a body of water, with a greenish-blue gradient overlay. The boat is small and white, sailing towards the right.

# UNDERSTAND ESG INVESTING

A blurred image of a financial dashboard or portfolio management interface. It features various charts, tables, and text elements in shades of blue and white.

# CREATING A PORTFOLIO

# ABOUT

US

**John Caserta, MSFS,  
ChFC®, RICP®, CLU®**  
Managing Director

**Nathalie Edeen**  
Advisor & Planning  
Specialist

**Amy Crookshank**  
Advisor & Planning  
Specialist

## OUR SUPPORT

**Gimli**  
Office Support

**Theo**  
Office Support



# **SOCIALLY RESPONSIBLE** **INVESTING**

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## Definition:

- Can be referred to as ESG (Environmental, Social, and Governance)
- Any investment strategy which seeks to consider both financial return and social/environmental good to bring about social change regarded as positive by proponents

# **ESG** INVESTING

**How ESG is  
Measured**

**Risk and Return  
for ESG**

# EXAMPLES OF ESG METRICS...



## Environmental

- Carbon Emissions
- Water Scarcity
- Energy Management
- Environmental Impact of Supply Chain
- Environmental Impact of Products



## Social

- Human Capital Development
- Privacy and Data Security
- Product Quality and Safety
- Workplace Diversity
- Workplace Safety



## Governance

- Board Structure
- Corruption and Supply Chain Management
- Accounting Policies and Controls
- Executive Compensation vs. Average Employee Pay

# EXPLAINING FINANCIAL MATERIALITY



## Environmental

### *Industry Level:*

Energy usage & toxic waste matter more than machinery.

### *Company Level:*

Water scarcity risk will impact agriculture companies based on location.



## Social

### *Industry Level:*

Privacy & data security matter more than consumer finance.

### *Company Level:*

Corruption & supply chain management risks will impact different shipping companies.



## Governance

### *Industry Level:*

Oversight of climate risk matters more than financial services.

### *Company Level:*

Board structure & gender diversity will impact hospitality firms based on location.

# COMMON Qs AND As

**Q:** Do investors sacrifice performance in order to invest in a sustainable and responsible way?

**A:** *Not necessarily.* Any investment can underperform, but research suggests that ESG investing does not mean sacrificing performance.

**Q:** What's a practical example of how ESG Key Performance Indicators would differ based on what the company does?

**A:** A commercial bank would have a heightened need for customer data security, impacting its *Governance Score*. This would be less applicable for an industrial machinery company.

# COMMON Qs AND As

**Q:** In what areas do most ESG investors struggle in?

**A:** According to a 2019 Investment News survey, 4 out of the 5 biggest impediments investors cite toward ESG implementation include lack of knowledge, difficulty evaluating performance, limited investment opportunities, and difficulty researching ESG investments, all of which an advisor can help with.

# CREATING A PORTFOLIO

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## Ask yourself:

- 🌿 **How much am I willing to lose?**
- 🌿 **How long do I have until I need the money?**
- 🌿 **Do I want my investing to reflect certain values?**
- 🌿 **Do I need immediate access to the money?**
- 🌿 **Do my expectations align with my investments?**

**BEFORE  
YOU START**

# A RELIABLE RESOURCE

Morningstar 

MORNINGSTAR ESG

Overview Products ▾

## Covering every side of sustainable investing

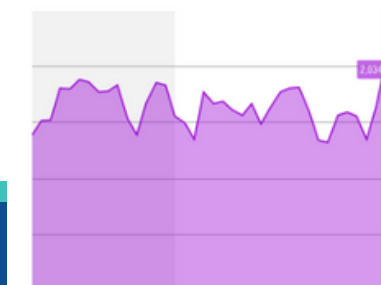
Morningstar and Morningstar Sustainalytics provide ESG research, ratings, and data across a full spectrum of asset classes and investment types.

Investors and corporations use this data to identify, evaluate, and manage every dimension of sustainable investing: from the impact a company has on the world to the risks environmental and social factors have on a company.

The breadth, depth, and quality of our coverage help investors of all types make complex decisions with confidence.

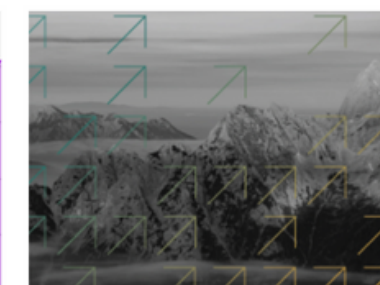


### Insights



Blog  
Gender Diversity Indexes a Rare  
ESG Bright Spot

Learn More →



Webinar  
ESG Risk Ratings: Then and Now

Learn More →

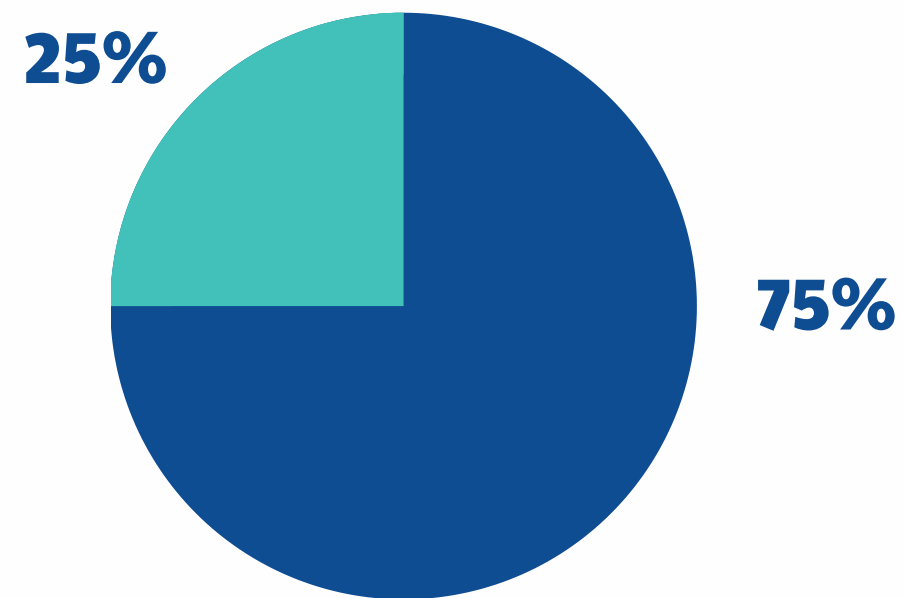


Blog  
A Closer Look at How and Where  
Net-Zero Commitments Are Falling  
Short

Learn More →

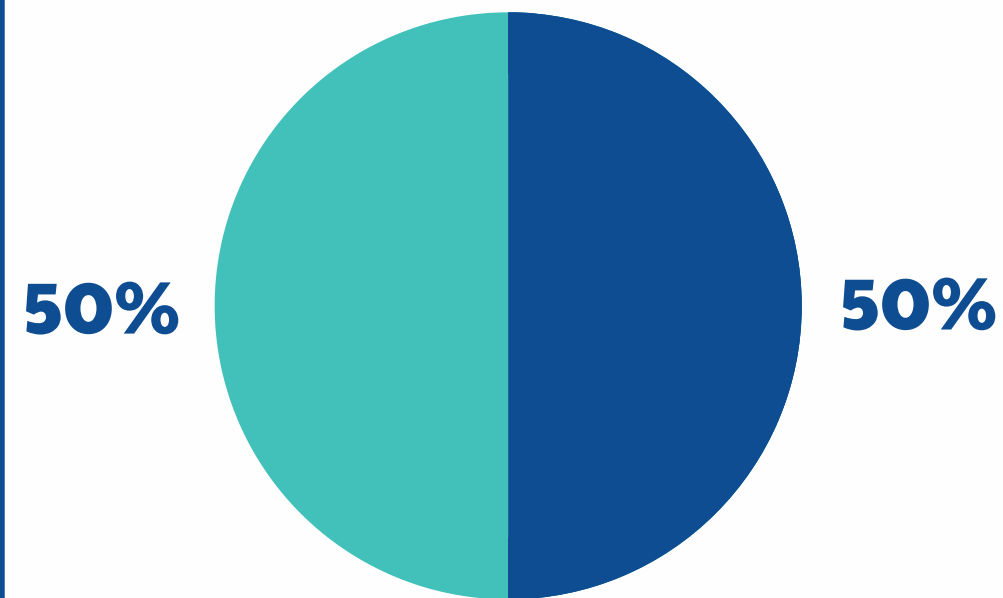
# COMMON PORTFOLIO ALLOCATIONS

## CONSERVATIVE



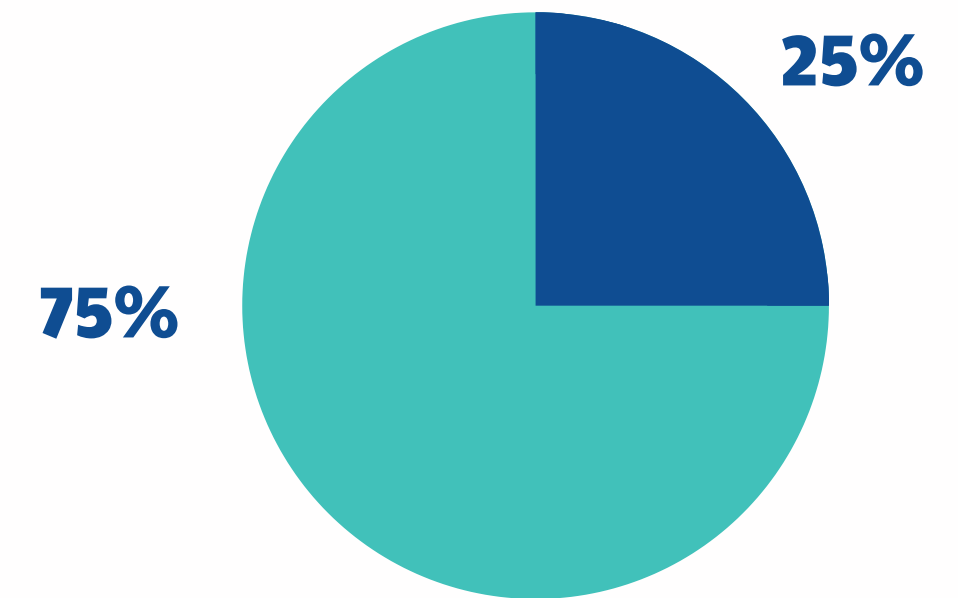
● Stocks ● Bonds

## MODERATE



● Stocks ● Bonds

## AGGRESSIVE



● Stocks ● Bonds

Not all strategies may be appropriate for all investors

# GETTING STARTED

## DIY

- 🌿 Relatively low cost
- 🌿 Complete control over creating and managing your portfolio

## ROBO-ADVISORS

- 🌿 Relatively low cost
- 🌿 Some control over creating and managing a portfolio

## PROFESSIONAL PORTFOLIO MANAGER

- 🌿 Relatively higher cost
- 🌿 Professional management of portfolio

# LEARN EVEN MORE



Find more at:

[boolamoola.com/grad-students](https://boolamoola.com/grad-students)

## ESG & SOCIALLY RESPONSIBLE INVESTING

### Your Quick Guide



Although environmental, social, and governance (ESG) investing and Socially Responsible Investing (SRI) are becoming increasingly popular, not everyone is knowledgeable about the details and how materiality-based research can improve performance. This guide aims to provide an overview of ESG investing and SRI attributes.

### WHAT IS ESG INVESTING?



ESG investing is based on a set of criteria that are used to assess potential investments. Typically, these criteria include a company's performance in relation to its environmental impact, how it manages its relationships with employees, customers, and suppliers, and how it addresses governance issues such as executive compensation, internal controls, and shareholder rights.

### QUANTIFYING A STRATEGY: ESG Metrics

#### What are ESG Metrics?

ESG metrics are indicators of a business's environmental, social, and governance performance, helping to assess potential risks. Company leaders may integrate these metrics into their policies, reports, and marketing.

#### Why are these important?

ESG metrics are critical for measuring a business's performance in areas that can impact the outside world. They help investors identify risks associated with a specific organization or project and determine companies that may have long-term financial stability and high ROI. Additionally, socially responsible investors may use ESG data to make investment decisions.

**EVALUATION FORM**

**Socially Responsible Investing | Yale School of the Environment**

Please take a few minutes to evaluate the workshop. Your feedback is appreciated and will improve the workshop in the future. Thanks for joining!

dalte97@gmail.com [Switch account](#)

Not shared

\* Indicates required question

Your name: \*

Your answer

Your email: \*

Your answer

Yes, I would like a complimentary consultation with a completed model at no cost.

☐ Yes

☐ No

Yes, add me to the e-mail list.

Please provide your contact information below. If you would like more information on specific areas, please check those areas on the right.

☐ Yes

☐ No

I would like information about the following (select all that apply):

☐ Establishing an emergency fund

**PLEASE  
TAKE A MOMENT...**





**JOHN CASERTA**

[calendly.com/jcaserta](https://calendly.com/jcaserta)



**NATHALIE EDEEN**

[calendly.com/nedeen-1](https://calendly.com/nedeen-1)



**AMY CROOKSHANK**

[calendly.com/acrookshank](https://calendly.com/acrookshank)

MERCI  
GRACIAS  
GRAZIE  
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THANK YOU



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