



ASK THE EXPERT

JAMIE BURGMANN, Private Wealth Manager at Select Investors answers a reader question about making financial choices that are good for the environment.

“I want to build my wealth for my family’s future, but how do I also ensure, given the effects of climate change, that the environment they are growing up in is also improved in the future?”



JAMIE SAYS:

It’s easy to understand why you want to do your part for the planet – this is your family’s future we are talking about and reports show we are currently using 1.75 planet’s worth of resources. (Source: *Global footprint Network 2018-2019*). Through technology, science, social change, and regulation, we can reduce this resource drain and grow within our limits.

Responsible Investing (RI) is the latest trend we are seeing as a way to grow your wealth, while reducing your carbon footprint and helping to offset the effects of climate change. RI really can make a difference. For example, studies from Nordea Invest in 2018 have shown that moving your retirement savings to sustainable funds can be 27 times more efficient at reducing your carbon footprint than other green activities, like taking shorter showers, eating less meat and using public transport, combined. Our clients who have traditionally concentrated their investing

fundamentals around performance, strategic asset allocation, and risk versus reward are now shifting focus to the Environmental, Social and Governance (ESG) factors from their underlying investments. RI incorporates ESG factors in investment decisions and active ownership. ESG stands for:

- **Environment** - Climate change, resource depletion, waste, pollution, deforestation.
- **Social** - Human rights, modern slavery, child labor, working conditions, employee relations.
- **Governance** - Bribery and corruption, executive pay, board diversity and structure, political lobbying / donations and tax strategy.

Responsible Investing isn’t just about environmental and social responsibility. It makes investment sense. The RI market is rapidly increasing with the likes of electric vehicles, sustainable farming, digital infrastructure, meat substitutes and solar/wind power generation. According to its website, the Principles of Responsible Investing (PRI) market has grown from

approximately USD \$30 trillion in 2013 to over USD \$80 trillion in 2019 and now over half of the world’s institutional investors are signatories to PRI. We believe this trend will continue to grow, given the global focus to reduce the impact of climate change and increased corporate governance practices.

At Select Investors, we’ve taken the initiative to be more responsible when investing money on our client’s behalf with a A+ rating by PRI. Over 90% of St. James’s Place’s clients Funds Under Management are managed in accordance with the PRI. [a](#)

The value of an investment with St. James’s Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than you invested.

The article does not constitute to a recommendation or an investment advice, advice should be sought from a financial adviser before making any investment decision.

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