

Why has sustainable investing become mainstream?

Addressing delegates at Glacier's Investment Summit 2021, Adam Lees of Sarasin and Partners pointed out that when it comes to climate change and sustainability issues, some regions and people are affected more than others.

"Sustainability is about considering the global systemic map regarding the challenges and how to mitigate them – it's more than just climate change and carbon emissions," he said.

Climate change, with its compounding effects, could raise extreme poverty rates substantially by 2030 and we have to think broader than just emissions, in how to address this.

What is driving the uptake in sustainable investing?

Sustainable investing has become mainstream and ESG (environmental, social, governance) has become an extra set of considerations – across both asset classes and vehicles.

There are three key drivers behind this:

1. Macro policies

Across the world, there's a real push for sustainable finance and investing. There's a significant amount of GDP that is reliant on the natural world and we need to consider the use of natural resources, otherwise we'll face huge risks in the way the world develops.

2. Investor and consumer behaviour

According to a 2021 Ipsos survey, 72% of consumers globally say that people need to act now or they will fail future generations and 68% say that if companies do not act to combat climate change they're failing their employees and customers.

A substantial wealth transfer from baby boomers to millennials will take place over the next few decades and we know that many high-net-worth millennials are actively reviewing the ESG impact of their investments.

In addition, there is a definite generational change and changing consumer demands are evident. Whereas millennials are trying to be ethical consumers, Generation Z sees ethical consumption as a form of self-expression.

3. Alpha generation

Responsible businesses create enduring value and alpha (or outperformance) is generated in the following ways:

Thematic growth – Investing through themes founded on environmental and social change.

Stock picking – Choosing leaders in sustainable industries allows you to find the sources of alpha, and companies that you think will outperform over the long term.

Integrated stewardship – Involves engaging and voting for positive change.

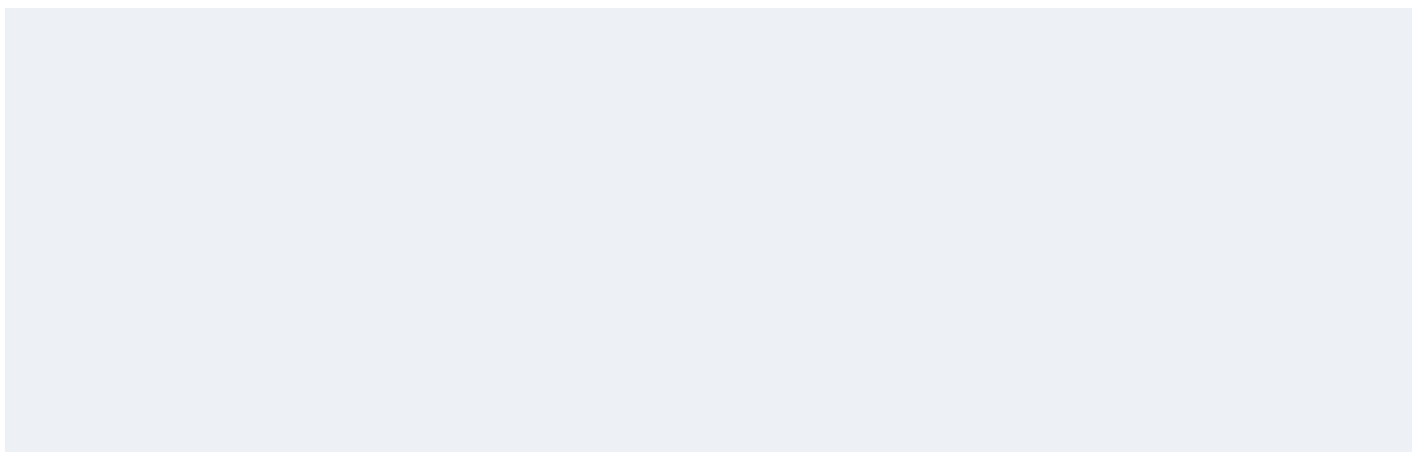
Sarasin & Partner's investment framework

Sarasin invests responsibly by selecting stocks based on:

- Multi-thematic opportunities
- Integrated ESG analysis
- Impact and climate change analysis

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