Insights

At Aneuvia, we believe in democratizing financial wellness and investment advice for the betterment of companies, communities and individuals. Here we share our insights, point of view and advice on global impact investing, corporate diversity and inclusion, new financial market trends, impact investment funds and more.

Stay ahead of the curve with insightful news and analysis that can help your company or organization make crucial decisions for better business outcomes.

Want more insights in to your finances? **Click here** to access Aneuvia's wealth management system.

Why ESG Investing is the New Normal

Posted by Janelle Metzger

Tags: COVID-19 | Corporate Social Responsibility | Diversity and Inclusion | ESG Investing | Social Impact | Sustainable Investing

ESG involves researching and factoring in Environmental, Social and Governance issues, in addition to the usual financials, when evaluating potential stocks. Due to the novel coronavirus pandemic and rising concern for the effects of climate change, socially responsible and sustainable investing has been on the rise. In the third quarter of 2020, $81 billion went towards the global sustainable fund network (Source: Morningstar).

So where does this leave ESG investing in 2021? We believe that COVID-19 has accelerated the adoption of ESG investing as the new normal. Here are three key shifts that we predict for 2021 and beyond, which further underscore why ESG is emerging as the new normal.

1. The ESG market will continue to grow.

We believe that businesses who methodically prioritize their ESG footprint and operations will increase value among investors. Building on this, Bank of America recently projected that the money in ESG investing could rise to between $15 and $20 trillion over the next two decades, which is equivalent to the size of the S&P 500 today. This could be attributed to a few factors: growing eco-consciousness among consumers, corporate America being held accountable to their ESG performance, and changing demographics.

2. ESG reporting will be a necessity - not a choice.

In our latest report, ESG Data, Impact Criteria and Measurement, we note that an increasing number of regulatory bodies are embracing ESG, and making ESG reporting mandatory for businesses and investors. The next decade might see ESG reporting becoming a necessity, rather than a choice. Ultimately, ESG data holds answers to many of the non-financial risks that affect an investment's performance.

3. Growing advocacy for a global, mandated, and auditable ESG reporting framework.

ESG data has proven to be a bottleneck for many investors due to data issues relating to quality, comparability, validity, and more. A positive development in this space, the Organisation for Economic Co-operation and Development (OECD) has noted that "ESG scoring and reporting has the potential to unlock a significant amount of information on the management and resilience of companies, but it will require agreed global data standards and regulations."

Ultimately, we believe that sustainable businesses that improve their communities and the environment are - and will continue to be - in high demand. Collective pursuit for better transparency will help investors leverage ESG to drive positive change where it matters.

This article: Why ESG Investing is the New Normal first appeared on http://aneuvia.com.

Newer

Older

Tags:

Activist Investing {5}
Aneuvia Surveys {1}
Aneuvia Whitepapers {6}
Corporate Social Responsibility {17}
COVID-19 {7}
Diversity and Inclusion {7}
Employee Engagement {3}
ESG Investing {23}
Mental Wellness {3}
Social Impact {19}
Sustainable Investing {23}

Sign up for our newsletter