# Sustainable Investing Questionnaire: Sustainable Investing Preferences

The Sustainable Investor Preferences Questionnaire is designed to assess an investor's interest in and preferences for sustainable investing. The analysis of responses to the ten questions listed below enables the preparation of a personalized sustainable investing profile. This, in turn, allows investors and financial intermediaries to reflect and translate the investor's individual sustainable preferences into a tailor-made investment program that fits into a broader recommended asset allocation strategy that considers financial goals and objectives.

**Instructions**

Please provide your responses to the following questions by checking off the answer that best describes you and your situation.

**Questionnaire**

1. What percentage of your portfolio do you wish to allocate to your preferred sustainable investing strategy or strategies?
   (a) ___100% of my portfolio
   (b) ___Up to 5% of my portfolio
   (c) ___Up to 25% of my portfolio
   (d) ___Up to 50% of my portfolio
   (e) ___Up to 75% of my portfolio

2. To what extent are you willing to sacrifice financial returns, if necessary, to reflect your sustainability preferences?
   (a) ___Not at all
   (b) ___To a very limited extent
   (c) ___To some extent

3. Which of the overarching sustainable investing approaches listed below best align with your views regarding sustainable investing (Note: One or more of the following may apply. For definitions of these various approaches, refer to pages 4-5)?
   (a) ___Values-based investing
   (b) ___ ESG screening and/or exclusions
   (c) ___Impact investing
   (d) ___Thematic investing
   (e) ___ ESG integration
   (f) ___ Shareholder advocacy issuer engagement
   (g) ___All of the above
   (h) ___Not sure

4. Please identify your preferences for one or both of the following sustainable themes. If you favor both themes, rank them using numbers 1 and 2, or if you favor both equally by recording the number 3.
   (a) ____Environmental and climate-related themes

(b) ____Social themes

5. If you favor a screening and exclusions strategy that avoids investments in or emphasizes or deemphasizes sectors or economic activities applicable to *companies or industries,* please identify any of the following selections that apply by their level of importance, where 1=very low, 2=low, 3=moderate, 4=high, and 5=very high importance. [**Note: Skip this question if you don't favor a screening and/or exclusions strategy]**
   a) ___Manufacture tobacco products
   b) ___Manufacture of alcoholic beverages
   c) ___Involved in gambling operations
   d) ___Manufacture or sell firearms and/or ammunition
   e) ___Manufacture, design, or sell weapons or the critical components of weapons.
   f) ___Abuse animals, cause unnecessary suffering and death of animals, or whose operations involve the exploitation or mistreatment of animals
   g) ___Develop genetically modified organisms for environmental release
   h) ___Mining companies
   i) ___Oil and gas companies
   j) ___Other (please describe):________________________________________________
   ____________________________________________________________________________
   ____________________________________________________________________________

6. If you favor a screening and exclusions strategy that avoids investments in or emphasizes or deemphasizes sectors or economic activities applicable to *countries,* please identify any of the following selections that apply by their level of importance, where 1=very low, 2=low, 3=moderate, 4=high, and 5=very high importance. **[Note: Skip this question if you don't favor a screening and/or exclusions strategy]**
   a) ___Nuclear weapons
   b) ___Non-proliferation treaty of nuclear weapons
   c) ___Countries classified as not free
   d) ___Corruption
   e) ___Death sentence
   f) ___Wars
   g) ___Non-ratification of Paris Climate Agreement
   h) ___Other (please specify):_________________________________________________
   ____________________________________________________________________________
   ____________________________________________________________________________

7. For the listed broad *environmental and climate-related themes*, rank the selections by their level of importance, where 1=very low, 2=low, 3=moderate, 4=high, and 5=very high importance.
   a) ___Renewable energy
   b) ___Energy efficiency
   c) ___Pollution prevention and control projects
   d) ___Environmentally sustainable management of living natural resources and land use
   e) ___Terrestrial and aquatic biodiversity conservation projects
   f) ___Clean transportation

g) ___Sustainable water, water quality and wastewater management
h) ___ Climate change adaptation projects
i) ___ Eco-efficient and/or circular economy adapted products, production technologies and processes
j) ___Green buildings

8. For the listed broad *social themes*, rank order these selections by their level of importance, where 1=very low, 2=low, 3=moderate, 4=high, and 5=very high importance.
   a) ___No poverty
   b) ___Zero hunger
   c) ___Good health and well-being
   d) ___Quality education
   e) ___Gender equality
   f) ___Decent work and economic growth
   g) ___Sustainable industry, infrastructure and innovation
   h) ___Reduce inequalities
   i) ___Peace, justice and strong institutions

9. Describe your sustainable investing goals, objectives and preferences (please limit your response to two or three sentences):
   ______________________________________________________________________________
   ______________________________________________________________________________
   ______________________________________________________________________________

10. Please identify any other sustainable investing goals or preferences that you have an interest in and would like to have reflected in your investment portfolio.
    ______________________________________________________________________________
    ______________________________________________________________________________
    ______________________________________________________________________________

The End

## Sustainable Investing Approaches and Definitions

Sustainable investing is an umbrella term that encapsulates not only ethical investing, socially responsible investing and responsible investing but also various other strategies or approaches listed below, each with its own set of investing risks and benefits. While there are no universally accepted definitions or framework yet and definitions continue to evolve, today sustainable investing refers to a range of overarching investment approaches or strategies that aim to deliver competitive financial returns while driving positive ESG outcomes. These approaches and strategies, that apply both to active as well as passive management, may be implemented in a variety of ways, but many practitioners agree that these sustainable investing approaches encompass the following strategies that may be employed individually or in combination:

**Values-based investing.** Also referred to as faith-based investing, socially responsible investing, responsible investing, ethical investing or investing based on a set of morals, the guiding principle is that investments are based on a set of beliefs with a view toward achieving a positive societal outcome. Typically, this approach is executed via ESG screening, exclusions or divestment.

**ESG screening and/or exclusionary strategies.** This involves an emphasis on ESG scores or some other metrics to qualify the eligibility of securities, such as stocks or bonds, and use these as a basis for overweighting, underweighting or, in some cases, optimizing their exposures in a portfolio. Some securities may be excluded in their entirety. In such cases, companies or certain sectors or industries are excluded as eligible securities from portfolios based on specific ethical, religious, social or environmental guidelines or preferences. Traditional examples of exclusionary strategies cover the avoidance of any investments in companies that are fully or partially engaged in gambling and sex related activities, the production or manufacturing of alcohol, tobacco or firearms, or even atomic energy. These exclusionary categories have been extended in recent years to incorporate additional considerations, for example, firms that are the subject of serious labor-related actions or penalties by regulatory agencies or demonstrate a pattern of employing forced, compulsory or child labor, or firms that exhibit a pattern and practice of human rights violations or are directly complicit in human rights violations committed by governments or security forces, including those that are under US or international sanctions for grave human rights abuses, such as genocide and forced labor.

Closely related is the strategy of divestiture or divestment. Divestiture strategies involve current holdings that are liquidated over time as their eligibility is no longer consistent with the owner's objectives, such as fossil fuel companies. But divestiture strategies may also involve a much broader universe of securities, such as when for example, divestiture strategies were applied to apartheid practices in South Africa in the 60s and 70s. At that time, any company doing business with South Africa was taken off the list of eligible investments.

**Impact investing.** Still a relatively small but growing slice of the sustainable investing segment, impact investments are incremental (additional) moneys directed to companies, organizations, and funds with the intention to achieve measurable social and environmental impacts alongside a financial return. Impact investments can be implemented in both emerging and developed markets and made across asset classes, such as equities, fixed income, venture capital, and private equity. In each instance, the objective is to direct capital to address challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services, including housing, healthcare, and education.

Historically, impact investments have targeted a range of returns from below market to market rate, depending on the investors' strategic goals. But increasingly, impact investing strategies are expected to at least achieve risk-adjusted market level rates of return.

**Thematic investing.** An investment approach with a focus on a particular idea or unifying ESG-related concept, for example securities or funds that invest in solar energy, wind energy, clean energy, clean tech and even gender diversity, to mention just a few of the leading sustainable investing fund themes. Investing in low carbon emitting stocks and bonds or green bonds or funds also fall into the thematic investing category.

**ESG integration.** This is a widely practiced investment strategy and by some accounts the most widely practiced, pursuant to which environmental, social and governance factors and risks are systematically analyzed and, when these are deemed relevant and material to an entity's performance, they will influence decisions on whether to buy or hold a security, and to what extent. Conversely, such considerations may lead to the liquidation of a security from the portfolio.

**Shareholder advocacy and issuer engagement.** These strategies, which leverage the power of stock ownership in publicly listed companies and, regarding engagement, the power of bond investments, are action-oriented approaches that rely on learning about each company's ESG practices and related risks and opportunities. These strategies also extend to influencing corporate behavior through direct corporate engagement, filing shareholder proposals and proxy voting.