



Ecofin Editorial: 5 Takeaways on Sustainability

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1. Sustainability is different from ESG

Often, outlets will describe sustainability the same as ESG. Without context of how a manager identifies, diligences, and makes investments, the term “ESG” is nearly meaningless. We have found that after pulling back the curtain and comparing ESG funds and non ESG funds, the holdings frequently mirror each other.

2. Sustainable Investing means mobilizing our investments to help tackle global issues

Sustainable investing means mobilizing our investments to help tackle global issues such as climate change, water scarcity, and human rights. It is about companies, investors, and managers being intentional with their actions and ultimately their impacts such that they make a positive difference in the world. Ecofin addresses these issues through thematic investing including Climate Action, Water and Environment, and Social Impact. There are boundless examples of companies and investments delivering solutions to these issues - for example:

- a) Renewable power developers providing clean and affordable energy coinciding with trends like the rise of electric transportation
- b) Water infrastructure and water technology companies connecting water supply with areas of demand and innovating new technologies that reduce water loss and increase usage efficiency
- c) Expanding sustainable communities by investing in affordable housing and healthcare for the elderly and quality education for children.

3. Investing in the Sustainable Revolution will drive returns for decades

Ecofin invests in the change makers – companies and projects that enable sustainable communities, lower carbon, and a more circular future. In essence, searching for and rewarding companies that not only thoughtfully manage their Environmental, Social, and Governance factors but strike at the core of what sustainability is meant to be; focused on solving challenges for the future.

“By accelerating decarbonization, the U.S. could complete a total industrial revolution in just 30 years”

4. There is a multi-decade shift underway known as the Sustainable Revolution

The focus on solving these global challenges is not a short term trend, but rather we are in the beginning stages of a tectonic shift in thinking towards sustainability. This revolution is in its early stages and we see some resemblances to the Technological Revolution. Similarly, we believe the Sustainable Revolution will have profound impacts on our society, economy, and financial markets.

5. Ecofin invests in sustainable drivers of returns

We thematically target companies and investments that are empowering the Sustainable Revolution which will drive revenues and profitability for years and decades to come. Solving problems has always been good business. Thematically investing in those companies actively working to solve global scale problems will ultimately lead to transformative returns.

“With an estimated addition of 2 billion people by 2050, global demand for food, water, and energy will drive the need for innovative improvements in infrastructure to address the resource demand associated with a growing population.”

Related links:

The Sustainability Revolution: <https://ecofininvest.com/media/4252/ecofin-sustainability-revolution.pdf>

Ecofin Sustainability & Impact: <https://ecofininvest.com/sustainability-impact/>

Ecofin S&I Policy: <https://ecofininvest.com/media/3934/te-sustainability-and-impact-policy.pdf>

Energy Transition Report: <https://ecofininvest.com/media/4965/energy-transition-sustainability-impact-report-2022.pdf>

Sources:

- https://www2.deloitte.com/us/en/pages/about-deloitte/articles/economic-cost-climate-change-turning-point.html?id=us:2ps:3gl:dius164928:5AM1000057:awa:consb:012622:climate%20change%20report:b:c:kwid-131768520&qclid=EALalQobChMIwcWQktOs9glVgRXUAR0eMQb5EAAAYASAAEglbc_D_BwE
- https://www.ey.com/en_us/financial-services/why-sustainable-investing-matters

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