Impact Investing and the 17 SDGs

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What is Impact Investing and how has it evolved?

Initially, impact investing was considered an extension of philanthropy, as it was meant to help reduce the negative effects of business activity on the social and environmental dimensions. However, impact investing is now broader than that: it refers to investments that have an explicit and intentional objective to generate positive social and/or environmental impact alongside a financial return.

What are the United Nations (UN) Sustainable Development Goals (SDGs), fundamentally?

The 17 SDGs defined by the UN focus on what the whole world must do to ensure we have a liveable planet and decrease inequality through social and environmental objectives that are interconnected.

How have the SDGs contributed to broaden the field of impact investing?

According to the UN (since 2018), between USD 3.3-4.5 trillion per year needs to be mobilized if we hope to achieve the 2030 Agenda for Sustainable Development.

Since the SDGs directly affect every company, they have the power to influence the financial sector stimulating investors to think differently. It has become such a popular framework in the investment community that the European Regulation SFDR[1] accepts it to define what sustainable investments mean in terms of positive contribution to society and to the environment.

Hence, the Article 8 and Article 9 funds aligned with SDGs have the potential to attract capital, thereby contributing to solving the problems that their investments set out to address.

How does Carmignac sit in this intersection?

Fully aligned with the acknowledgment that sustainable development is no longer an investment theme by itself but is becoming a core topic of tomorrow's world, we have been enhancing our investment objectives and approach. 7 of our equity funds now formally aim at outperforming their respective indicators through investments in sustainable and impactful companies.

To this end, we have built an overarching "outcomes framework" that requires that a minimum of 50% of each of these portfolios' AUM must include companies that derive more than 50% of their revenues from business activities aligned with one of the 9 Sustainable Development Goals considered as investable by Carmignac: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities (12) Responsible Consumption and Production.

[1] The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.

Responsible Investment

Our mission is to create value for our clients and positive outcomes for the society and the environment.

Discover our Responsible investment approach

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