

How your money can make a positive difference



We all like to think of ourselves as good global citizens, doing our best to make a positive impact on the world. Socially-focused investing lets you take a more direct approach, considering how your money might do good – or at least avoid harm – depending on how you use it. Here we look at some of the options around social investing and the things to think about.

Instead of investing just to benefit their own futures, investors are increasingly using their money to also make a positive difference for others. The UK social impact investing market grew from £830m in 2011 to over £5.1bn in 2019 according to Big Society Capital's latest estimates. ¹

What is social investing?

Social, or socially responsible, investing means considering the social value of an investment as well as its potential financial return. A socially responsible investment is one which can lead to positive social change either directly, such as through an impact fund, or indirectly with the company taking a broader view and embedding social principles into how it operates.

⁽¹⁾ The Institutional Asset Manager – [Impact investing risks being undermined by greenwashing](#), says Robeco, 28/5/21

Impact funds

Impact funds aim to generate specific and measurable positive social or environmental results alongside a financial return. Investments may target sectors such as renewable energy, providing microfinance for projects in developing economies, healthcare or education.

According to research by The Global Impact Investor Network (GIIN),² many impact investors find that both their financial and impact expectations are met by using impact funds. Some 88% report their investments performed in line with or outperformed their financial expectations, and 99% for their impact expectations.

Taking a broader view

Another option is to look at your social concerns as part of your overall investing requirements, such as how long you plan to invest for, how much risk you are willing to take and your goals. An increasing number of investment providers are taking a responsible approach not just to investing but also to how they conduct their business, even though their funds may not be specifically labelled as targeting environmental, social or governance (ESG) issues.

Transparency can be a good indicator

Information about how a company behaves, as opposed to what it says, can help you make more informed comparisons and decisions. It can also help you avoid so-called 'greenwashing', where a company makes untrue or inaccurate claims about its ESG credentials.

The rise of ESG as both a concern and a consideration when investing means more companies across all sectors have relevant information on their websites and in their annual reports. This might include objectives, policies, progress towards their business goals and involvement with external projects.

Social investing is an increasing priority for many

The COVID-19 pandemic highlighted some of the inequalities which exist in society and around the world, including working conditions and how companies look after their staff and suppliers.

Research by Harvard University found that firms generating positive public sentiment about their response to the pandemic and its effects on staff and suppliers performed better during the market downturn in March 2020. Separately, businesses rated as doing the best job of prioritising their employees were found to have demonstrated more resilient returns. One of the findings was that 'This focus on corporate responses to the pandemic created greater awareness among investors for the importance of the 'social' dimension of ESG analysis'.³

Find out more

You can read all about Santander Asset Management's global approach to sustainable investment, our dedicated Sustainable and Responsible Investment team and our policies, [here](#).

⁽²⁾ The Global Impact Investing Network – [GIIN 2020 Annual Impact Investors Study](#)

⁽³⁾ Morningstar – [The Social Impact of Covid-19 on Investments and Businesses](#), 17/2/21

Staff wellbeing has been a top priority throughout the pandemic

For Santander, COVID-19 meant having to make some rapid and far-reaching changes to keep employees safe while continuing to serve and support customers. During the pandemic 115,000 people across the Santander Group have been working at home, and a range of initiatives were brought in to ensure employees' wellbeing during this difficult time.

The initiatives include:

1

A COVID-19 colleague communication hub with news and updates, tips for achieving a good work-life balance, virtual leisure activities and wellbeing support.

2

Video conferences with Group Executive Chairman Ana Botín with questions encouraged.

3

Online learning courses to support professional development.

4

The Thrive: Mental Wellbeing app with meditation exercises and access to live chats with psychologists.

5

Additional support and financial assistance for those who need it.

Leadership or stewardship?

Even before the pandemic business leaders realised the need for a more socially-focused approach. Nearly 200 chief executives from some of the world's largest companies held a roundtable in 2019 to redefine the role of business in society. One of its key conclusions was they should no longer focus solely on the interests of their shareholders. Instead they 'must also invest in their employees, protect the environment and deal fairly and ethically with their suppliers'.

There's a lot to think about, balancing your own financial goals with making sure your money is being used in ways that are in line with your values. A financial adviser will be able to help you weigh everything up and make the right decisions for you. If you'd like to find out more about socially responsible investing and ESG investing in general, our Rethinking Investing guides are available [here](#).

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