

Greenwashing.

What is greenwashing?

The term is becoming more common thanks to climate change awareness. Simply put, greenwashing is the act of making false claims or providing misleading information about how environmentally friendly something is.

This can be true for the investments we choose. Greenwashing in investing happens when companies claim to use more sustainable business practices than they actually do.

An environmentally conscious investor may not want to invest in certain companies or sectors that engage in business practices that could be bad for the environment.

So how can an environmentally focused investor take part in the growth of companies that fit their beliefs?

Ensuring sustainable products live up to sustainability claims is complicated. Standardized frameworks are still being developed but they should provide clear guidance and standardization for disclosure and regulatory approaches for sustainable investment options.

The reality is that most asset managers are financial experts and not necessarily environmental experts. However, asset managers who are clear about their process and transparent about what their funds do and don't do, can help avoid greenwashing issues.

If you feel strongly about investing in companies that contribute to fighting climate change speak to your advisor about exploring funds that work for your long-term investing goals while living up to their sustainability mandates.



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