

---

# Socially Responsible Investments

---

Segment Length: 3:39

## **Lesson Description:**

Why do people invest? Are investments value-neutral? Can investors do good in addition to doing well? What is socially responsible investing and what makes an investment socially responsible? Is socially responsible investing just a marketing ploy? This video takes a look at the claims and realities of socially responsible investment funds.

## **Concepts & Key Terms:**

*Indigenous People* – people of culturally distinct ethnic groups that have retained social, cultural, economic and political characteristics apart from those of the prevalent societies in which they live.

*Socially Responsible Investing* – investment strategy which seeks to consider both financial return and social/environmental good in investment decisions.

*Sustainability Factors* – focuses on meeting the present needs without compromising the ability of future generations to meet their needs.

*Passive Investors* – investors who use as a buy-and-hold strategy for long-term gain, as opposed to active investors, who buy and sell based on market fluctuations.

*Impact Investing* – an investment strategy that endeavors to address social and environmental issues such as climate change, hunger, poverty, homelessness, etc.

*Fracking* – the process of drilling into the earth, and injecting water, sand, and chemicals at high pressure into subterranean rocks to create new pathways to release oil or gas.

## **Objectives:**

Students will be able to:

- define and use the terms “socially responsible investing.”
- discuss the intentions and consequences of investing in socially responsible funds.
- argue their belief that these funds do or do not have a more positive impact on the world than traditional investment funds.
- evaluate the tradeoffs involved with paying higher fees to feel socially responsible.

## **Preview Activity:**

Use Think, Pair, Share to have students answer and discuss these preview questions: List some responsibilities you have. Why do people have responsibilities? Who decides just what our responsibilities are? After a few minutes, poll the students and ask them to discuss their answers.

## **Viewing Guide:**

We recommend that teachers show the video twice: once to allow students to view it and focus on the issues presented, and once to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs sharing and verifying answers.

## **Answers to Viewing Guide**

1. competitive
2. accomplish
3. environmentally
4. natural gas
5. value

---

# Socially Responsible Investments

---

## Viewing Guide

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Teacher \_\_\_\_\_

**Directions:** As you watch the video, fill in the blanks with the correct words.

1. Socially responsible investments give you the opportunity to do good without sacrificing \_\_\_\_\_ returns.
2. I've had a lot of experience looking at these types of investments and they don't actually \_\_\_\_\_ the goals of being environmentally or socially responsible.
3. Blackrock's socially "aware" fund brags that it gives you 2.6% more exposure to gender diverse boards. 2.6 percent? Who cares? This "\_\_\_\_\_ aware" fund also invests also in Chevron and Exxon.
4. Some green investors oppose fracking, but the U.S. led all countries in reducing carbon emissions mostly because fracking's \_\_\_\_\_ reduced demand for coal and high carbon oil.
5. Normal businesses operating and creating things that consumers want, that creates a lot of \_\_\_\_\_ for society.

**Now, take a few moments to reflect on the video and answer the questions below:**

How are socially responsible investments supposed to give investors the opportunity to do good without sacrificing competitive returns? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do they? \_\_\_\_\_ Please explain your answer. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **Discussion and Analysis:**

1. Does marketing play a role in the decisions you make? How so? What are some examples?
2. Why do people invest?
3. If you could help the planet and still make money investing, would you? How would you know which companies to invest in?
4. What companies do you perceive to be socially responsible? What do those companies do that suggests they are socially responsible? Does that make you think their product or service is better?
5. What about electric cars? Are they better for the environment? How do you know? What role did marketing play in you thinking that?
6. Do you recycle at home? Do you recycle because it's the right thing to do? How do you know? Have you ever looked at the costs associated with recycling various materials?
7. Using paper straws as an example, how do customers react when companies change their practices to appear socially responsible?
8. Do you think there are social pressures for companies to change their business practices, publicize their social initiatives, or even stretch the truth? Why?
9. How might you explain the purpose of marketing?
10. Economist Thomas Hogan said that some of these socially responsible investment funds do not make socially conscious investments. He said that one fund's number one holding is the parent company of Google [Alphabet]. Why would a fund's managers claim it is socially responsible when they invest in regular companies?
11. Many socially responsible funds would not invest in the Keystone oil pipeline. Why not? What did John Stossel say is the alternative to pipelines? Is one option worse than the other? What are the risks to each?
12. The terms "environmentally responsible" and "socially responsible" were used a number of times. What are some differences and similarities between those two terms?
13. When companies use words such as "sustainable," what are they implying?
14. In the video, there's a clip of former Vice-President Al Gore saying, "We have to find how to get the passive investors." What are passive investors? Why might it be important to have passive investors in socially responsible funds?
15. Some people say it is better to have socially responsible funds for people to invest in than to advocate more government regulations. Why? What are the benefits and drawbacks of each?

## **Discuss These Lines from the Video**

1. I can protect the environment, improve society, invest in companies that respect indigenous people and create a more sustainable world, a more compassionate world.
2. Impact investing is growing at a much faster rate than mainline investing.
3. If you look at what they're investing in, they're not really making socially conscious investments. Their number one holding is the parent company of Google. They're just buying, basically, regular companies.
4. Parnassus said food and cleaning supplies help meet UN sustainability goals like nutrition and sanitation. C'mon, these products are useful, but there's nothing especially responsible about them.
5. Most "green" funds won't invest in the keystone pipeline, but pipelines are better for the environment than the alternative, shipping oil by truck.
6. Some green investors oppose fracking, but the U.S. led all countries in reducing carbon emissions mostly because fracking's natural gas reduced demand for coal and high carbon oil.
7. The ugly truth is most so-called sustainable investment funds charge more to sell feel-good nonsense.

### **Quotes for Discussion:**

Creating a strong business and building a better world are not conflicting goals—they are both essential ingredients for long-term success. – Bill Ford

The enlightened corporation should try to create value for all its constituencies...we measure our success by how much value we can create for all six of our most important stakeholders: customers, team members (employees), investors, vendors, communities, and the environment. – John Mackey

Move your personal investments and retirement funds to socially responsible investment (SRI) funds that support only those corporations that uphold higher standards of behavior. Returns on SRI funds are usually equal to, if not better than, many of the well-known traditional mutual funds. – Simon Mainwaring

There is one and only one responsibility of business: to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game. – Milton Friedman

As to the meaning of "corporate social responsibility," Friedman and I would agree: If a certain action improves the corporation's bottom line, there's no point in labeling it "socially responsible." It's just good business. – Robert Reich

That's the power of the good con artist: the ability to identify your deepest need and exploit it. It's not about honesty or greed; we are all suckers for belief. – Maria Konnikova

There's a sucker born every minute. – P.T. Barnum

The whole idea of socially responsible investing is skyrocketing. When you're putting a lot of money into something, you want to get a good financial return, but you also want your money to do good things.  
– Alisa Gravitz

Risk comes from not knowing what you're doing.  
– Warren Buffett

If you really think the environment is less important than the economy, try holding your breath while you count your money.  
– Dr. Guy McPherson

### **Activities:**

1. Have students complete the PMI chart after viewing the video.
2. Have students complete the Coke activity in class or for homework.
3. Research the pros and cons of socially responsible investing and present your findings in an oral report, a slideshow, or an essay.
4. Conduct a classroom debate on whether socially responsible investment funds are better than traditional investment funds. Students should be given time to research their position prior to debating.
5. Have students form groups of three or four to create their own investment company. What will be the goal(s) of this new company? What will be the criteria for selecting companies to invest in? Why did they choose that criteria? What results do they expect—and why?
6. Research and either write an essay or give an oral report about a company that claims to be socially responsible. What actions do they claim makes them responsible? Does it affect the costs their customers pay? How does it help the world? What do their critics say?
7. Read and write a summary of one of the following articles:
  - A) “Will Your Electric Car Save the World or Wreck It?” by Nadia Krieger  
<https://www.wired.co.uk/article/china-social-credit-system-explained>
  - B) “Is the Nobel Prize-winning lithium-ion battery really having a positive impact on the environment?” by James Murray  
<https://www.nsenegybusiness.com/features/lithium-ion-battery-environmental-impact/>
  - C) “Tesla’s Electric Cars Aren't as Green as You Might Think” by Lizzie Wade  
<https://www.wired.com/2016/03/teslas-electric-cars-might-not-green-think/>
  - D) “The spiraling environmental cost of our lithium battery addiction” by Amit Katwala  
<https://www.wired.co.uk/article/lithium-batteries-environment-impact>
  - E) “Chile's lithium – blessing or curse?” by Sophia Boddenberg  
<https://www.dw.com/en/chiles-lithium-blessing-or-curse/a-43721539>
8. Research electric cars and the batteries that power them. What are the environmental claims about electric cars? What is the reality? Is there any environmental damage caused by the manufacture of electric cars and the batteries that power them? What reason(s) might explain

the one-sided reporting on electric vehicles? Report your findings to the class with a slideshow presentation.

9. What does the term “Environmental, Social, and Governance (ESG) criteria” mean? How does it relate to socially responsible investing?
10. The term “feel-good” came up several times in the video. What does that term mean? Select one socially responsible investment fund and report on what companies the fund invests in. Discuss which investments, if any, you would say are “feel-good” investments and explain why you determined that.
11. Produce a “man-on-the-street” video in which you ask people what they think about socially responsible investments. Then, ask them what socially responsible investments are.
12. There are many socially responsible investment funds, each with its own goals. Have the students research different socially responsible funds and compare and contrast them. How are they different from one another? How are they similar?
13. Read and summarize “Five Reasons Banning Plastics May Harm the Environment and Consumers” from the Competitive Enterprise Institute. How does the law of unintended consequences relate to this topic?  
<https://cei.org/blog/five-reasons-banning-plastics-may-harm-environment-and-consumers>
14. Research energy independence. Why do some people think energy independence is important? Is it at odds with socially responsible investing? Explain your findings in an essay, or argue for or against energy independence in a persuasive essay.
15. Al Gore, a former vice president, has been a leader in socially responsible investing. Research and write a biography of him.

---

# Socially Responsible Investments

---

## Coca-Cola Advertising Activity

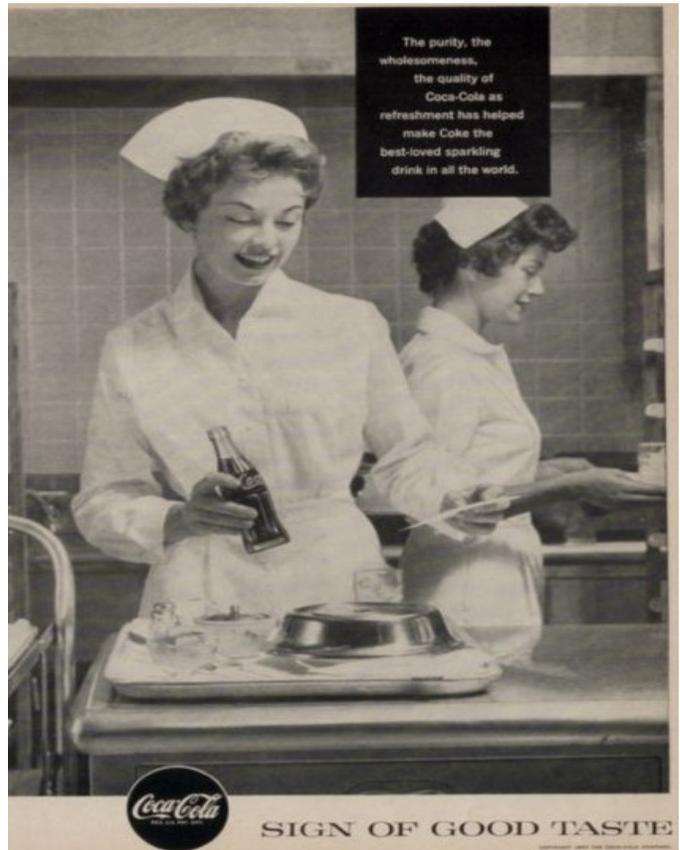
Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Teacher \_\_\_\_\_

**Directions:** Use the images to answer the questions below.



Briefly describe what you see in the pictures above: \_\_\_\_\_

\_\_\_\_\_

What is the message the advertisers are trying to convey? \_\_\_\_\_

\_\_\_\_\_

What is ironic about this, based on what we know today? \_\_\_\_\_

\_\_\_\_\_

How does the message in the ads above relate to the video about socially responsible investments? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Per \_\_\_\_\_

Teacher \_\_\_\_\_

### Socially Responsible Investments PMI Chart

**P = Plus:** What are some perceived benefits of investing in socially responsible funds?

**M = Minus:** What are some perceived drawbacks of investing in socially responsible funds?

**I = Interesting:** What did you find interesting about the topic of socially responsible investments?

+ Plusses +	- Minuses -	I

Explain the term "socially responsible investments." \_\_\_\_\_

\_\_\_\_\_

Should investors be hesitant to invest in them? \_\_\_\_\_ Why / Why not? \_\_\_\_\_

\_\_\_\_\_

If a friend asked you if he or she should invest in socially responsible funds, what would you say? \_\_\_\_\_

\_\_\_\_\_