



P-Glossary



Sustainable and Responsible Investment (SRI)

Sustainable and responsible investment (SRI) is an investment strategy that integrates social or environmental criteria into financial analysis and seeks to maximize both financial returns and social good. In the past, SRI stood for socially responsible investment, stemming from the concept of corporate social responsibility. However, due to a better appreciation of sustainability issues, that has become sustainable and responsible investment. SRI basically comprises both lending and investment that attempt to promote sustainability, environmental stewardship, human rights, diversity, poverty reduction, and related social concerns.

The reason behind the shift is the growing awareness of financial institutions of their social responsibilities. Both financial institutions and investors have now started to realize that due to various costs associated with the environment and social issues, the sustainability of financing is becoming more important. In the past, SRI was a niche investment but now it is becoming a mainstream part of corporate valuation. In line with the trend, in 2006 the UN developed the Principles for Responsible Investment, which embed environmental, social, and governance concepts and actions within financial institutions and across capital markets.
