



A workflow-based toolkit for client discovery, portfolio alignment, due diligence, communication confidence, and advisor readiness

THE SUSTAINABLE INVESTING ADVISOR PLAYBOOK

Practical tools. Confident conversations.
Better outcomes for your clients
and the future.



DISCOVER

What matters most
to your clients



ALIGN

Match portfolios with
values and goals



COMMUNICATE

Lead clear, balanced
conversations



ACT

Build trust.
Create lasting value.



TOOLKIT INCLUDED

Templates, frameworks and resources
to accelerate your sustainable
investing advisory practice.



Client-Centric



Aligned



Confident



Meaningful

Acknowledgements

This guide was developed by ED4S. While informed by publicly available research, frameworks, and educational resources from the organizations acknowledged herein, all content, illustrations, frameworks, layouts, and educational materials are original works of ED4S unless otherwise noted.

We would like to acknowledge and thank the following organizations for their contributions to advancing sustainability integration through industry knowledge, investor education, and practical implementation frameworks that informed elements of this guide:

- CFA Institute
- Canadian Securities Administrators (CSA)
- Canadian Investment Regulatory Organization (CIRO)
- European Securities and Markets Authority (ESMA)
- Financial Conduct Authority (FCA)
- Harvard Business School
- International Capital Market Association (ICMA)
- International Sustainability Standards Board (ISSB)
- Morningstar
- Morgan Stanley
- MSCI
- Principles for Responsible Investment (PRI)
- RIA Canada
- United Nations Sustainable Development Goals (UN SDGs)
- US SIF
- UK SIF

This guide also reflects operational insights gathered through advisory practice observations, sustainability integration workflows, investor behavior research, advisor readiness frameworks, and practical capability-building initiatives developed through [ED4S](#) and [AdvisorSim](#).

ABOUT

About This Guide

This guide was developed by ED4S (Education for Sustainability) based on experience supporting financial institutions, wealth management firms, asset managers, and advisors with sustainable investing education and capability building.

The frameworks, tools, and conversation guides included in this playbook are informed by industry standards, practitioner feedback, advisor training programs, and insights gathered through AdvisorSim® an AI-powered client conversation simulator used to assess advisor readiness and identify common knowledge gaps, communication challenges, and decision-making patterns.

Rather than promoting a single approach, this playbook is designed to help advisors navigate sustainable investing conversations with greater confidence, objectivity, and client focus.

About ED4S

ED4S helps financial institutions build sustainability capabilities through technology-enabled learning, advisor training, and readiness assessment solutions. Through ED4S Academy and AdvisorSim®, organizations can develop practical skills, measure readiness, and support more effective client conversations.

To learn more, visit www.ed4s.org

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Annex : Practical Advisor Toolbox

PART I - FOUNDATIONS

1. EXECUTIVE BRIEF

Why Sustainability Conversations Matter Now

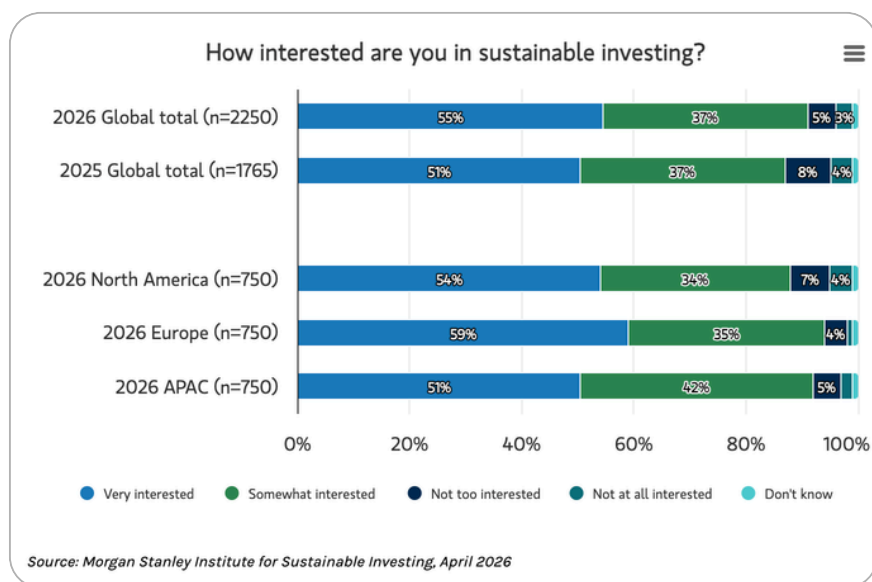
Financial advisors are operating in an increasingly complex environment.

Clients are navigating inflation, market volatility, retirement planning, geopolitical uncertainty, technological disruption, and changing societal expectations.

At the same time, numerous investor surveys and industry studies continue to demonstrate strong investor interest in sustainable investing.

This growing demand has contributed to the expansion of sustainability-focused investment products and, in some jurisdictions, regulations requiring client sustainability preferences to be considered.

Yet many advisors remain under-equipped to translate these preferences into suitable, well-explained investment recommendations.



The purpose of this guide is not to advocate for any particular investment philosophy.

Rather, it is to provide **practical frameworks** that help advisors understand client preferences, evaluate investment options, navigate common questions, and integrate sustainability sustainability considerations where relevant to client objectives.

Throughout this guide, **sustainability** is treated as **part of the broader advisory process** rather than a separate exercise. The objective is to help advisors have more confident, balanced, and client-centered conversations while maintaining sound investment and suitability practices.

2. THE REAL ADVISOR CHALLENGE

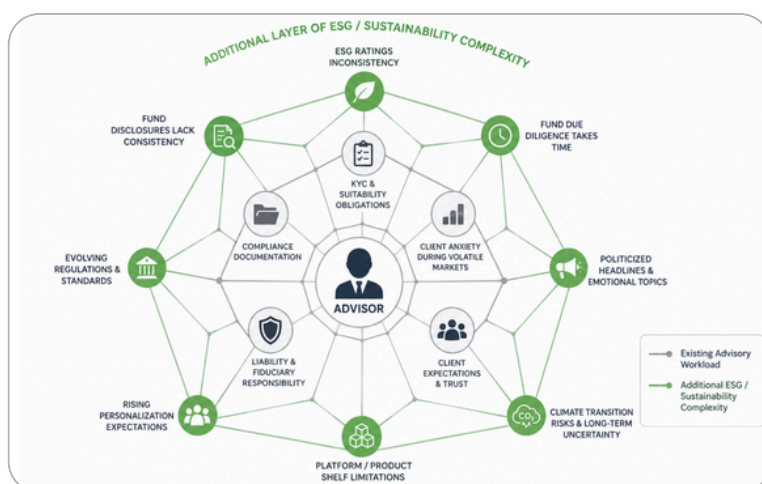
Why Many Advisors Still Struggle With Sustainability Conversations

Despite growing client interest, many advisors remain uncomfortable discussing sustainability topics.

This hesitation is understandable. Sustainability-related data remains fragmented, product methodologies vary significantly, ESG ratings often disagree, and public discussions can become politically charged.

At the same time, advisors are already managing suitability obligations, documentation requirements, market volatility, business development demands, and increasingly personalized client expectations.

The challenge is not simply a lack of knowledge. More often, advisors struggle with how to translate broad sustainability concepts into practical client conversations and investment decisions.



In practice, sustainability integration is rarely perfect. Advisors must balance client preferences alongside diversification requirements, liquidity needs, platform limitations, investment risk, product availability, and evolving market information. There may not always be a solution that perfectly aligns with every client objective.

The goal is therefore not perfection.

The goal is thoughtful decision-making, transparency around trade-offs, and alignment with the client's broader financial plan.

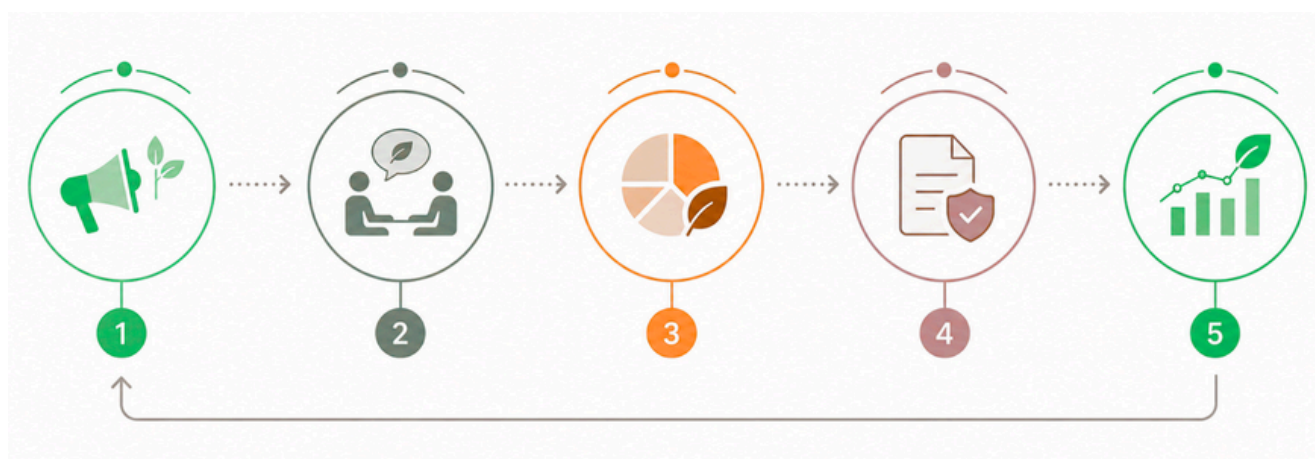
Key Challenge Advisors are being asked to navigate sustainability conversations within an already demanding advisory environment characterized by compliance pressures, evolving regulations, product complexity, and growing client expectations.

Practical Solution Rather than expecting advisors to become sustainability specialists, firms should provide the infrastructure: practical workflows, templates, communication tools, approved resources, and repeatable processes that integrate naturally into existing advisory practices.

3. SUSTAINABILITY INTEGRATION ACROSS THE ADVISORY WORKFLOW

Sustainability Is Not a Separate Process

A common misconception is that investors are motivated solely by financial returns. Behavioral finance research suggests that personal values, beliefs, and emotions also influence investment decisions. As a result, some investors may accept certain trade-offs to better align their portfolios with their values or impact objectives. Understanding these motivations allows advisors to incorporate sustainability considerations into existing discovery, portfolio construction, product selection, and review processes, ultimately supporting more holistic and personalized advice.



1. Lead Generation & Positioning

Demonstrate how sustainability considerations can be incorporated into investment decisions to attract clients seeking more personalized, values-aware, and forward-looking advice.

2. Discovery & KYC

Use discovery conversations and KYC processes to understand the client's financial objectives, risk profile, sustainability preferences, values, and desired outcomes.

3. Suitability & Asset Allocation

Assess how sustainability preferences can be incorporated into portfolio construction while maintaining appropriate diversification, risk management, liquidity, and suitability.



4. Documentation & Investment Policy Statement (IPS)

Document the client's sustainability preferences, agreed-upon trade-offs, investment approach, and rationale for recommendations within the advisory record and IPS where applicable.

5. Ongoing Monitoring & Reviews

Regularly review portfolio alignment, client preferences, product developments, and changing circumstances, updating recommendations and documentation as needs evolve.

Advisors who view sustainability as part of their existing workflow often find implementation significantly easier than those who treat it as a separate specialty.

Key Challenge Many advisors continue to view sustainability as an additional process layered on top of their existing responsibilities, creating unnecessary complexity and hesitation.

Practical Solution Integrate sustainability considerations into existing discovery, suitability, portfolio construction, and review processes rather than creating separate workflows.

Tool
01
**Sustainable
Investing
Integration
Workflow**

PART II - DISCOVERY AND CLIENT UNDERSTANDING

4. UNDERSTANDING CLIENT SUSTAINABILITY MOTIVATIONS

Moving Beyond Generic ESG Discussions

Two clients may both express interest in "responsible investing" while seeking entirely different outcomes.

One client may wish to avoid certain industries such as tobacco, weapons, or fossil fuels. Another may be primarily concerned about long-term risks related to climate change, governance failures, cybersecurity, or supply chain disruptions. A third may be interested in contributing to specific outcomes such as renewable energy, healthcare innovation, affordable housing, or community development.

For this reason, sustainable investing conversations should begin with curiosity rather than assumptions.

The advisor's role is not to categorize clients into predefined ESG labels. The objective is to understand the motivations, concerns, priorities, and expectations underlying their interest in sustainability.

In practice, most client motivations tend to fall into one or combination of four broad categories:

VALUES ALIGNMENT

The client wants their investments to reflect personal beliefs or avoid activities they consider inconsistent with their values.

RISK MANAGEMENT

The client is primarily interested in understanding how environmental, social, or governance factors may affect long-term investment performance and resilience.

GROWTH OPPORTUNITIES

The client is interested in investment opportunities linked to long-term economic and societal trends such as electrification, healthcare innovation, artificial intelligence, water infrastructure, or climate adaptation.

IMPACT AND OUTCOMES

The client seeks measurable environmental or social outcomes in addition to financial returns.

Understanding these motivations early helps advisors avoid generic ESG discussions and focus on what is genuinely relevant to the client.



It is equally important to recognize that clients vary significantly in their level of knowledge and engagement. Some clients may request detailed discussions around carbon emissions, stewardship, or impact measurement. Others simply want reassurance that material sustainability-related risks and opportunities are being considered as part of a disciplined investment process.

Strong discovery conversations therefore focus less on sustainability terminology and more on understanding the client's underlying objectives.

Key Challenge

Clients often use similar sustainability language while having very different expectations, motivations, and desired outcomes.

Practical Solution

Use open-ended discovery questions to uncover what the client is truly trying to achieve before discussing specific products or investment strategies.

Tool
07

Sample KYC
questions

5. MAPPING CLIENT MOTIVATIONS TO INVESTMENT APPROACHES

Connecting Client Preferences to Portfolio Strategies

Once client motivations are understood, the next step is determining which sustainable investing approaches may be appropriate.

Different motivations often lead to different investment solutions.

For example:



Client Motivation	Potential Approach
Avoid certain activities	Exclusions / Screening
Improve long-term resilience	ESG integration
Access future growth opportunities	Thematic investing
Generate measurable outcomes	Impact investing
Influence corporate behavior	Stewardship & Active Ownership

While these categories provide a useful starting point, no single approach is universally superior. Each involves trade-offs that should be discussed openly with clients.

Examples include:

EXCLUSIONS AND SCREENINGS

May align closely with client values but can reduce the investable universe and increase sector concentration.

ESG INTEGRATION

Can help identify financially material sustainability risks and opportunities but may not fully satisfy clients seeking strong values alignment.



THEMATIC INVESTING

The client is interested in investment opportunities linked to long-term economic and societal trends such as electrification, healthcare innovation, artificial intelligence, water infrastructure, or climate adaptation.

IMPACT AND OUTCOMES

The client seeks measurable environmental or social outcomes in addition to financial returns.

STEWARDSHIP AND ACTIVE OWNERSHIP

Focuses on influencing company behavior through engagement and proxy voting rather than avoiding companies altogether.

This distinction is particularly important when discussing controversial sectors.

For example, a sustainability-focused fund may still own an energy company if the portfolio manager believes engagement and active ownership can support meaningful transition efforts. Another strategy may choose exclusion instead. Neither approach is inherently right or wrong; they simply reflect different philosophies and client objectives.

Managing Sustainability Trade-Offs

There is rarely a perfect sustainable investment solution. Advisors often help clients balance sustainability preferences alongside diversification, risk, cost, liquidity, performance expectations, and product availability.

EDUCATE BEFORE YOU RECOMMEND

Clients may not fully understand the investment implications of their preferences. Before making recommendations, explain how sustainability choices can affect portfolio outcomes.

Examples:

Client Preference	Potential Trade-Off
Exclude multiple sectors	Reduced diversification
Thematic investing	Higher concentration risk
Country exclusions	Tracking error vs. benchmark
Impact investing	Limited product availability
Specialized sustainability goals	Higher costs or fewer options

The goal is not to change the client's preferences, but to ensure they are **informed**.



WHEN PRODUCTS ARE LIMITED

A client's preferred solution may not be available on your firm's approved platform.

In these situations:

- Explain the limitation transparently
- Highlight any meaningful differences
- Present the closest available alternatives
- Document the discussion

Product availability should not determine the client's objectives.

REMEMBER: THERE ARE MULTIPLE PATHS

Clients often assume exclusion is the only option. In some cases, stewardship and active ownership may provide another way to pursue sustainability objectives while maintaining diversification.

Key Challenge

Broad sustainability preferences do not automatically translate into suitable investment recommendations.

Practical Solution

Use structured frameworks to connect client motivations with investment approaches while facilitating transparent discussions about trade-offs and portfolio implications.

Tool
04
Sustainability
Mapping

PART III - RECOMMENDATIONS AND PORTFOLIO CONSTRUCTION

6. PORTFOLIO CONSTRUCTION

Integrating Sustainability Into the Portfolio

By the portfolio construction stage, the advisor should already have established the client's financial objectives, risk tolerance, liquidity requirements, investment horizon, and sustainability preferences through the discovery process. Together, these factors define the client's investable universe and guide portfolio decisions.

Sustainable investing should be incorporated using the same disciplined portfolio construction principles applied to any other investment strategy. Sustainability considerations should complement, not replace fundamental portfolio objectives such as diversification, risk management, liquidity, and long-term financial outcomes.

There is no single portfolio construction approach used across the industry. The appropriate structure depends on the advisor's practice, investment philosophy, and client needs.

Core-Satellite



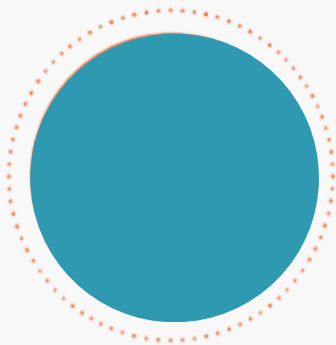
A diversified core portfolio is complemented by smaller targeted allocations.

Example:

- 85% diversified global equity and fixed income portfolio
- 15% renewable energy, sustainable agriculture, or impact funds

Best suited for:

Clients who want sustainability exposure without significantly changing the overall portfolio structure.

Fully Integrated

Sustainability considerations are incorporated across the entire portfolio.

Example:

- ESG-integrated equity funds
- Sustainable bond strategies
- Alternatives screened for sustainability factors

Best suited for:

Clients who want sustainability embedded in all investment decisions.

Goals-Based (Bucket) Approach

Different portfolio segments are aligned with different financial objectives.

Example:

- Capital preservation bucket
- Retirement income bucket
- Growth bucket
- Legacy or impact investing bucket

Best suited for:

High-net-worth and multi-generational clients with multiple goals.

Note: Other portfolio construction approaches, such as strategic asset allocation, risk-based portfolios, liability-driven investing, and endowment-style portfolios, also exist. Sustainable investing strategies can generally be incorporated within any of these frameworks.

Impact investments are frequently implemented as a dedicated allocation within one of these portfolio structures rather than replacing traditional investments entirely. This allows clients to pursue specific sustainability outcomes while maintaining diversification and suitability.

Key Challenge

Advisors must balance sustainability preferences alongside traditional portfolio construction requirements such as diversification, liquidity, suitability, and risk management.

Practical Solution

Treat sustainability as an additional portfolio consideration rather than a separate asset class. Begin with the client's objectives and build sustainability considerations into the broader portfolio design.

7. EVALUATING SUSTAINABLE INVESTMENT PRODUCTS

What Advisors Should Actually Look For



Evaluating sustainable investment products requires more than reviewing ESG labels, marketing materials, or fund names.

In practice, most advisors rely on approved product shelves, centralized research teams, due diligence committees, model portfolios, or analyst-approved lists. This is not a weakness; it is an operational reality within modern wealth management.

However, advisors should still understand enough about a strategy to explain:

- How the strategy works
- What sustainability approach is being used
- What trade-offs may exist
- Whether the strategy aligns with the client's objectives and expectations

Due diligence requirements vary depending on the investment approach.

Exclusion-based strategies	ESG integration strategies	Impact-oriented strategies
• scope of exclusions • thresholds • controversial revenue exposure • consistency of application	• financial materiality • governance quality • risk management processes • stewardship practices	• measurable outcomes • reporting quality • impact metrics • intentionality • alignment with frameworks such as the United Nations Sustainable Development Goals (SDGs)

Advisors should also assess the qualifications and experience of portfolio managers, the quality of stewardship activities, transparency of reporting, consistency of methodology, and overall fit within the client's portfolio.

Importantly, ESG ratings and sustainability labels should be viewed as decision-support tools rather than objective truths. Different providers often use different methodologies and may reach different conclusions about the same company or fund.

The objective is not to find a perfect sustainable investment product. The objective is to identify solutions that reasonably align with client priorities while maintaining sound investment discipline.

Key Challenge Sustainability products vary significantly in methodology, reporting quality, stewardship practices, and sustainability objectives.

Practical Solution Use a structured due diligence process that evaluates products across multiple dimensions rather than relying solely on ratings, labels, or marketing claims.





8. TRANSLATING SUSTAINABILITY INTO PRACTICAL CLIENT CONVERSATIONS

Helping Clients Navigate Complexity Without Overwhelming Them

Most clients are not looking for detailed explanations of ESG methodologies, carbon accounting, stewardship frameworks, or sustainability regulations.

They are looking for practical guidance that helps them understand how sustainability relates to their investments and financial goals.

The advisor's role is increasingly that of a **translator**.

Rather than leading with technical terminology, advisors can anchor discussions around topics clients already understand:

- Long-term business resilience
- Governance quality
- Workforce management
- Cybersecurity preparedness
- Supply chain stability
- Physical climate risks
- Infrastructure resilience

For example, governance discussions may focus on leadership accountability, executive incentives, and board oversight rather than governance scores.

Similarly, climate-related discussions may focus on insurance costs, infrastructure resilience, water management, or supply chain disruptions rather than technical emissions metrics.

Clients also frequently ask questions such as:

- Does responsible investing hurt returns?
- Why do ESG ratings disagree?
- Is this strategy greenwashing?
- Why does this fund still own energy companies?
- How does this compare to a benchmark?

These questions rarely require perfect answers. They require balanced explanations that acknowledge complexity while remaining focused on the client's objectives.



The role of the advisor is to:

- Remain objective
- Clarify trade-offs
- Provide context
- Separate facts from narratives
- Maintain suitability discipline

The objective is not to persuade clients or advocate for a particular investment philosophy. The objective is to help clients make informed decisions that align with their goals, values, and risk tolerance.

Key Challenge Clients are often overwhelmed by financial information, media narratives, and conflicting sustainability claims.

Practical Solution Focus on practical implications and portfolio relevance rather than technical terminology. Use clear language, balanced explanations, and transparent discussions about trade-offs.

**Tool
02**
**Navigating
Common Client
Questions**

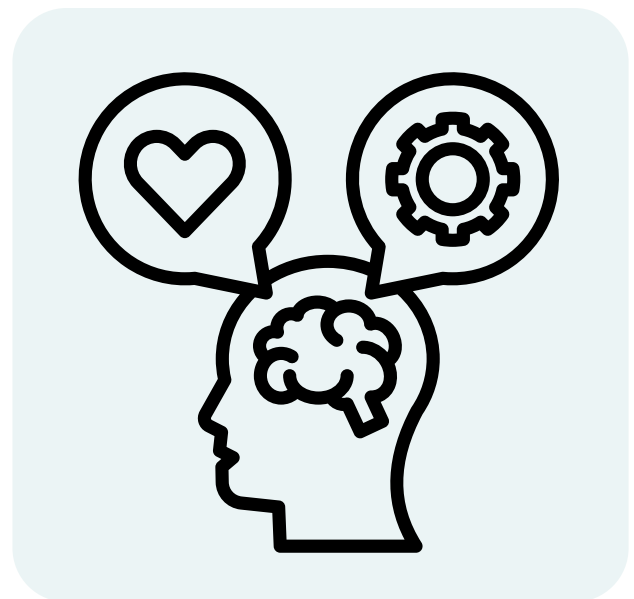
PART IV - RISK MANAGEMENT AND GOVERNANCE

9. BEHAVIORAL BIASES AND COMMUNICATION RISKS

Navigating Investor Psychology and Advisor Bias

Sustainable investing conversations are often influenced by emotions, personal experiences, media narratives, and cognitive biases. These influences can shape how both clients and advisors interpret information and make decisions.

Clients may be affected by confirmation bias, loss aversion, recency bias, political narratives, climate anxiety, or skepticism toward ESG claims. For example, strong performance from a particular sector may lead some investors to dismiss sustainability considerations entirely, while others may overestimate the real-world impact of certain investment strategies based on marketing claims.



Advisors are not immune to bias either. Personal beliefs, preferred investment approaches, product familiarity, or concerns about controversy can unintentionally influence client conversations. This may result in overemphasizing certain viewpoints, avoiding sustainability discussions altogether, or presenting overly simplified conclusions.

The advisor's role is not to persuade clients or advocate for a particular position. Instead, advisors should help clients evaluate information objectively, understand trade-offs, and make decisions aligned with their own goals and priorities.

Balanced communication builds trust more effectively than certainty, advocacy, or emotional arguments.

Practical Guidance

When discussing sustainability topics:

- Focus on facts rather than narratives.
- Present both benefits and limitations.
- Distinguish between values-based and financially driven objectives.
- Acknowledge uncertainty where appropriate.
- Document key assumptions and discussions.

Key Challenge Sustainability conversations are often influenced by personal beliefs, emotional reactions, political narratives, and behavioral biases from both clients and advisors.

Practical Solution Use structured discovery questions, documented processes, and consistent communication frameworks to keep discussions focused on client objectives rather than personal opinions.

Tool
08
**Bias and
Communications**

10. SUITABILITY, DOCUMENTATION, AND COMPLIANCE CONSIDERATIONS

Integrating Sustainability Into Existing Governance Processes

Once sustainability preferences become relevant to a client's investment objectives, they become part of the broader suitability discussion and should be documented accordingly.

This does not require a separate suitability process. Rather, sustainability considerations should be integrated into existing discovery, recommendation, documentation, and review procedures.

Clear documentation helps advisors:

- Demonstrate consistency
- Manage client expectations
- Facilitate future reviews
- Support compliance oversight
- Maintain alignment between recommendations and client objectives



For more customized relationships, sustainability considerations may also be reflected in the Investment Policy Statement (IPS). Examples include:

- Exclusion criteria
- Stewardship expectations
- Impact objectives
- Sustainability preferences
- Benchmark expectations
- Portfolio constraints

Clients should also understand that sustainability considerations do not eliminate traditional investment risks.

Potential implications may include:

- Benchmark deviation
- Sector concentration
- Liquidity constraints
- Different performance patterns across market cycles
- Longer investment horizons

A growing number of regulations, standards, and industry frameworks now recognize that sustainability preferences, values-alignment objectives, and impact goals may be relevant to investment decisions. When these preferences are expressed, advisors are increasingly expected to document them, consider them within the suitability process, and demonstrate how they have been addressed in portfolio construction and recommendations.

Practical Governance Principles

A practical governance framework should include:

1. Discovery and documentation of client preferences
2. Assessment of suitability implications
3. Clear communication of trade-offs
4. Consistent implementation
5. Periodic review and reassessment

Key Challenge Sustainability preferences introduce additional considerations into advisory processes that are already highly regulated and documentation-intensive.

Practical Solution Integrate sustainability into existing governance, suitability, and review processes rather than creating separate compliance frameworks.

Tool
06

Sample
Sustainable
Investing IPS

Tool
04

Suitability
Mapping
Framework

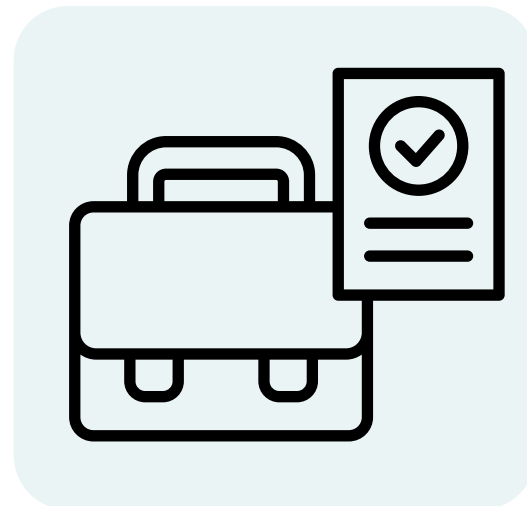
PART V - BUILDING ADVISOR CAPACITY

11. ADVISOR READINESS AND CAPACITY BUILDING

Why Theory Alone Is Not Enough

Many advisors understand sustainability concepts at a high level but still feel uncomfortable navigating real-world client conversations.

This is understandable. Sustainability-related topics span a wide range of disciplines, including climate risk, governance, stewardship, impact measurement, regulation, disclosure frameworks, and emerging investment products. Expecting advisors to independently master every aspect of this rapidly evolving landscape is neither realistic nor necessary.



In practice, sustainable investing is increasingly supported by broader institutional infrastructure, including research teams, product specialists, approved product shelves, due diligence committees, model portfolios, compliance resources, and educational tools.

The objective is not to transform every advisor into a sustainability expert. The objective is to provide sufficient knowledge and confidence to have thoughtful client conversations, identify when sustainability considerations may be relevant, explain trade-offs, and know when to leverage additional expertise.

Key Challenge Many advisors feel pressure to independently master a rapidly evolving sustainability landscape while already managing significant client, operational, and compliance responsibilities.

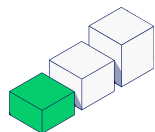
Practical Solution Focus on building practical confidence rather than pursuing expertise in every sustainability topic. Leverage approved resources, centralized research, and institutional support structures whenever possible.

Tool
09
Tools & Resources

A Practical Progression Framework

Advisor readiness is best viewed as a progression rather than a binary outcome.

Emerging

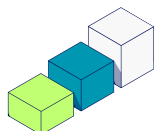


Advisors are beginning to encounter sustainability-related questions from clients and are developing familiarity with basic terminology and investment approaches.

Typical needs:

- Foundational education
- Discovery question templates
- Conversation guides
- Basic product knowledge
- Compliance support

Proficient

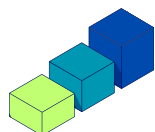


Advisors are comfortable incorporating sustainability considerations into discovery, suitability, and portfolio discussions. They can explain major investment approaches, discuss trade-offs, and navigate common client questions.

Typical needs:

- Product comparison tools
- Due diligence frameworks
- Advanced case studies
- Benchmarking resources
- Practice handling complex objections

Advanced



Advisors can confidently discuss topics such as stewardship, transition finance, impact measurement, climate adaptation, governance risks, and customized mandates.

Typical needs:

- Specialized research
- Institutional governance frameworks
- Advanced analytics
- Expert networks
- Ongoing market intelligence

Importantly, even advanced advisors continue to rely on broader institutional support. Sustainable investing is increasingly becoming a team-based capability rather than an individual expertise model.

12. FUTURE TRENDS ADVISORS SHOULD WATCH

The Evolution of Sustainability Integration

Sustainability integration continues to evolve alongside broader changes in wealth management, regulation, technology, and client expectations.

While the future remains uncertain, several trends are likely to shape advisor conversations in the coming years.

Increasing Portfolio Personalization

Clients are increasingly seeking portfolios that reflect their individual preferences, values, objectives, and constraints. Advances in technology and portfolio construction tools are making greater customization possible across a wider range of client segments.

Growth of Transition Finance

As economies continue adapting to changing environmental and regulatory realities, advisors are likely to encounter increasing interest in transition-related investments. These strategies focus on helping companies, industries, and infrastructure evolve toward more sustainable business models over time.

Climate Adaptation Investing

While much early attention focused on emissions reduction, conversations are increasingly expanding toward resilience and adaptation.

Examples include:

- Infrastructure resilience
- Water management
- Energy reliability
- Food systems
- Insurance and physical risk management

Greater Transparency and Disclosure

Regulators, investors, and asset managers continue to push for greater consistency in sustainability-related disclosures, product reporting, and investment claims. This trend may improve comparability, but advisors will still need to evaluate information critically.

AI-Assisted Advisory Support

Artificial intelligence is likely to improve research efficiency, portfolio personalization, client engagement, and advisor productivity. At the same time, it may also increase misinformation, oversimplification, and client confusion if not used carefully.

The objective for advisors is not to predict every future development. It is to remain adaptable, maintain a learning mindset, and focus on client outcomes rather than evolving terminology.

Key Challenge The sustainability landscape continues to evolve across regulations, products, technologies, and client expectations.

Practical Solution Focus on building durable advisory skills such as critical thinking, communication, suitability assessment, and client discovery rather than attempting to master every emerging framework or trend.

Tool
09
Tools & Resources

13. CONCLUSION

Sustainability as Part of Modern Advisory Practice

Sustainability is increasingly becoming part of mainstream investment conversations.

This does not mean every client wants sustainable investment solutions. Nor does it mean advisors need perfect expertise before engaging in these discussions.

What matters most is understanding client objectives, communicating transparently, documenting preferences appropriately, and maintaining a disciplined suitability process.

Throughout this guide, one principle remains consistent: **sustainability should be integrated into existing advisory practices rather than treated as a separate discipline.**

The most successful advisors will not necessarily be those with the deepest technical sustainability knowledge. They will be those who can listen carefully, ask thoughtful questions, explain trade-offs clearly, and help clients make informed decisions aligned with their goals and priorities.

The landscape will continue evolving. Regulations will change. Products will improve. Data quality will advance. Client expectations will shift.

The objective of this playbook is not to provide definitive answers to every sustainability question. It is to provide practical frameworks, tools, and workflows that help advisors get started with sustainability conversations with greater confidence, consistency, and professionalism.

Sustainable investing is **not a separate advisory process.**

It is simply another **lens through which advisors can help clients** make better-informed investment decisions.





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ANNEX

ADVISOR TOOLBOX

Tool 1. Sustainable Investing Integration Workflow

Tool 2. Navigating Common Client Questions

Tool 3. Morningstar Sustainability Globe Rating Methodology

Tool 4. Suitability Mapping Framework

Tool 5. ESG Fund Manager Due Diligence Checklist

Tool 6. Sample Sustainable Investing IPS

Tool 7. Sample KYC Questions to Uncover Sustainability Interests

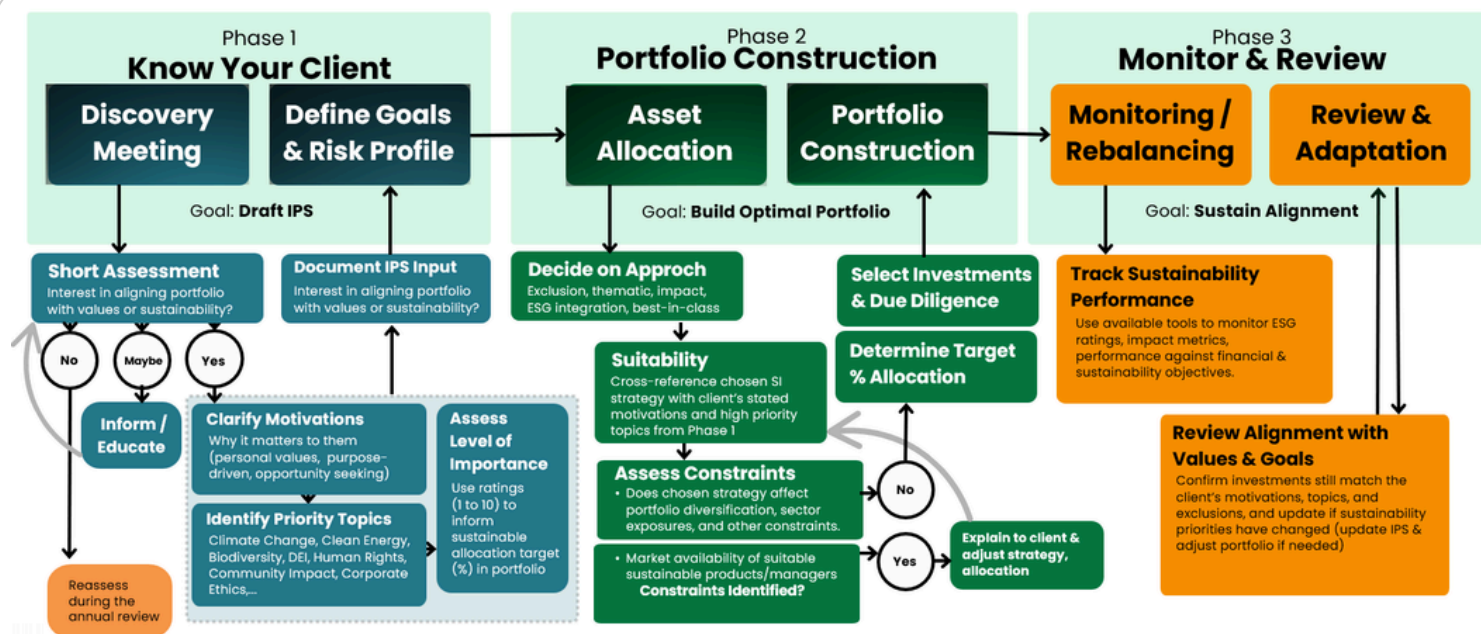
Tool 8. Bias and Communications Risk

Tool 9. Resources and Tools



PURPOSE

This tool provides a practical, step-by-step process to help advisors integrate sustainable investing preferences into their client portfolio across the advisory lifecycle.



Tradition Wealth Advising Process

Sustainable Investing: A Complement, Not a Substitute.

The entire wealth advising process remains governed by ethical, fiduciary, and legal obligations. A sustainable investing overlay is added on top of these responsibilities (it does not replace them).



KEY TAKEAWAYS

- Understand the client's motivations and priority topics first.
- Choose the right sustainable investing approach for the client.
- Ensure suitability and manage portfolio constraints.
- Monitor performance and alignment, then review and adapt.
- Document decisions in the IPS and revisit regularly.

**PURPOSE**

This cheat sheet helps advisors confidently answer common client questions about sustainable investing. Use the sample responses as guidance and always adapt them to your firm's policies, your professional judgment, and the client's specific circumstances.



These examples are provided for illustrative purposes only and may become outdated as sustainable investing practices and regulations evolve; always prioritize your organization's current guidance and positioning on sensitive or controversial topics to ensure alignment and compliance.

Client Question	Client Cue – What They May Be Thinking	Advisor Prompt – Suggested Framing
1. What sustainability factors should I prioritize?	Overwhelmed, seeking shortcut	"Let's map your priorities—Environmental, Social, or Governance topics—based on what matters most to you"
2. How can I align my values with my investments?	Wants purpose beyond returns	"We can identify your values, then review ESG funds that align, using our firm's research tools."
3. Is ESG a core part of your practice?	Testing credibility	"We integrate ESG when it's relevant to your goals, following our firm's due diligence approach."
4. ESG vs sustainable vs impact investing?	Wants clarity on terms	"ESG = integration of factors driving short-term and long-term performance and risk; sustainable = broad range of approaches; impact = measurable positive outcomes."
5. Why do ESG ratings contradict?	Skeptical about data	"Just like investment analysts can disagree on whether to rate a stock as buy, hold, or sell, ESG rating agencies interpret data differently. They may focus on different issues, use distinct weighting systems, or apply unique definitions of what 'good' performance looks like. That's why our process doesn't rely on a single rating—we look at multiple perspectives and how the fund manager integrates ESG factors into their decision-making."
6. Do ESG funds underperform?	Fear of return trade-off	"Performance varies—ESG can match, lead, or lag depending on market cycles and manager skill."
7. What % of portfolio should be sustainability aligned?	Wants a fixed answer	"Sustainable investing options now exist across all major asset classes, so alignment can be integrated broadly rather than concentrated in one area. The exact percentage depends on your goals, risk tolerance, and the specific ESG strategies we choose. We'll also consider diversification and concentration risk as part of our firm's portfolio construction guidelines."

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Client Question	Client Cue – What They May Be Thinking	Advisor Prompt – Suggested Framing
8. Long-term track record?	Looking for proof	"Multiple meta-studies, including comprehensive research published by NYU Stern Center for Sustainable Business and Harvard Business School, show that ESG strategies generally do not compromise financial performance—and in many cases, they enhance risk-adjusted returns" Source: https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021.pdf
9. Your personal philosophy?	Seeking authenticity	"I follow our firm's frameworks; personally, I see ESG as a valuable lens for risk and opportunity."
10. How to spot greenwashing?	Distrustful	"Greenwashing is a marketing practice that can make a fund appear more sustainable than it actually is. As advisors, we have tools to help screen for this—such as reviewing the Morningstar Sustainability Globe Rating and analyzing the fund's stated investment philosophy against its actual holdings. In Canada, funds are also classified under Canadian standards, with the highest-integrity category—impact investing—requiring managers to measure and report the positive impact they generate. Using our firm's research process, we look at both third-party ratings and the fund manager's approach to ensure the fund's sustainability claims are credible."
11. Will ESG hurt returns?	Performance anxiety	"Returns can be comparable—our focus is ensuring expectations match your objectives."
12. Responsible / sustainable investing vs traditional performance?	Testing consistency	"Over the long term, responsible / sustainable investing strategies have generally delivered performance that is competitive with traditional approaches. As with any investment, results vary by market cycle, asset class, and the specific strategy or manager. Certain approaches, such as exclusionary screening can limit the investment universe available to the portfolio manager, which may affect performance in some conditions. Others, like ESG integration or thematic investing can expand opportunities by identifying long-term trends and risks earlier. Our role is to evaluate these funds using the same rigorous performance criteria as traditional investments, so you can be confident they meet both your financial goals and any sustainability objectives you set."
13. Is ESG just marketing?	High skepticism, fear of greenwashing	"Some products are stronger than others—our process screens out those that don't meet our standards."

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Client Question	Client Cue – What They May Be Thinking	Advisor Prompt – Suggested Framing
14. Why is X stock in the top holdings of this green-labeled fund?	Feels there's a mismatch between the fund's label and its holdings; may suspect greenwashing or doubt manager credibility	"Sustainable funds can hold companies that are in transition—working to improve their environmental, social, or governance practices—or companies the fund manager is actively engaging with to drive those improvements. As part of offering a sustainable investing overlay, it's our responsibility to look beyond the label and review the fund's investment process, engagement activity, and progress toward improvement targets before making any recommendation."
15. Why do ESG funds often have higher management fees?	Wondering if the ESG label justifies extra cost; may suspect profit-driven motives rather than genuine sustainability	"Recent studies show that management fees for ESG funds have decreased significantly. Morningstar's analysis found that, before 2018, ESG funds were often more expensive than comparable non-ESG funds. Over the past decade, however, costs have fallen sharply, and ESG funds are now generally on par with—or even lower than—traditional funds. For example, in the Morningstar Global Large-Cap Blend Equity category, the average asset-weighted cost of ESG funds dropped from 1.48% a decade ago to just 0.56% in the first quarter of 2024." Source: https://www.morningstar.com/business/insights/blog/esg/esg-fund-fees



KEY TAKEAWAYS

- Understand the motivation behind the question.
- Address the concern, not just the wording.
- Use balanced, objective language.
- Some answers require additional manager due diligence.
- It is okay to say, "I'll verify and follow up."

**PURPOSE**

Help advisors understand, interpret, and apply Morningstar Sustainability Globe Ratings as part of fund due diligence and client conversations.

WHAT THE RATING MEASURES**ESG Risk Exposure**

Evaluates the unmanaged ESG-related financial risks of a fund's underlying holdings.

**Relative Comparison**

Funds are compared against peers within the same Morningstar Category.

**Portfolio Holdings Based**

Ratings are derived from Sustainalytics ESG Risk Ratings of the fund's underlying holdings.

GLOBE RATING SCALE

GLOBES	ESG RISK LEVEL
	Negligible Risk
	Low Risk
	Medium Risk
	High Risk
	Severe Risk



More globes = Lower ESG Risk

HOW THE FRAMEWORK WORKS

Fund Holdings



Company ESG Risk Ratings



Country Risk Ratings



Portfolio ESG Risk Score



Peer Comparison



Morningstar Globe Rating

KEY INPUTS

Corporate ESG Risk



Country ESG Risk

HOW ADVISORS SHOULD USE IT

- ✓ Compare funds within the same Morningstar category;
- ✓ Use as an ESG risk screening tool

Combine with: Investment objectives

- ✓ Use alongside ESG fund classifications
- ✓ and manager sustainability disclosures

IMPORTANT LIMITATIONS

Measures ESG risk, not impact.



Does not measure values alignment.



Not comparable across different fund categories.



Should not be used as a stand-alone investment decision tool.

**KEY TAKEAWAYS**

- Compare funds within the same category.
- More globes indicate lower ESG risk.
- Globe Ratings measure risk, not impact.
- Use alongside performance and due diligence.
- Never rely on Globe Ratings alone.

**PURPOSE**

To help advisors identify client motivations for sustainable investing and match them with suitable investment strategies that align with their goals, values, and preferences.



This framework is intended as a guide to align client sustainability preferences with investment strategies. Investment approaches may combine multiple strategies and should always be assessed within the context of the client's goals, risk tolerance, and financial situation.

MAPPING FRAMEWORK

Motivation Type	What it Means	Client Mindset	Sustainability Strategy
 Value Based	Seeks to avoid harm and align investments with personal or ethical values	"I don't want my money supporting fossil fuels or weapons."	Sustainability Strategy Use Exclusionary Screens; prioritize funds with clear ESG criteria (e.g., fossil-free, tobacco-free).
 Opportunity-Driven	Sees sustainability as a megatrend with long-term upside potential	"Clean energy is the future; I want to be part of that growth."	ESG Integration and Thematic Funds (e.g., clean tech, water, electrification).
 Purpose-Driven	Invests with the goal of generating measurable social or environmental impact	"I want to actively contribute to climate solutions or social equity."	Recommend Impact Funds or Active Ownership (engagement) enhanced investment strategies.

**KEY TAKEAWAYS**

- Client motivations should guide sustainable investing strategy selection.
- Many clients combine values, impact, and opportunity objectives.
- Consider risk tolerance alongside sustainability preferences and goals.
- Sustainable investing requires trade-offs, transparency, and ongoing dialogue.

**PURPOSE**

To help advisors evaluate ESG fund managers by identifying key due diligence questions, assessing sustainability claims, and recognizing potential risks and red flags.

THE 5 PILLARS OF ESG EVALUATION**1. ESG INTEGRATION**

ESG factors are embedded in investment decisions, risk management, and portfolio construction.

**2. THEMATIC INVESTING**

Clear, well-defined themes with a disciplined process and valuation awareness – not just trend-following.

**3. IMPACT INVESTING**

Intentionality, additionality and measurable outcomes driven by clear impact objectives.

**4. STEWARDSHIP & ENGAGEMENT**

Active, strategic engagement that influences outcomes and protects long-term value.

**5. ORGANIZATIONAL ESG MATURITY**

Strong governance, capability, accountability and incentives embedded across the firm.



Golden Rule: Focus on investment relevance, evidence of implementation and outcomes (not just policies and marketing).

WHAT TO ASK, HOW TO INTERPRET & WHAT TO WATCH FOR**ESG INTEGRATION****KEY QUESTIONS TO ASK**

- How is ESG integrated into your investment process?
- At what stage is ESG considered?
- Can you share examples where ESG changed an investment decision?
- How do analysts and PMs work together on ESG?
- How do you define material ESG issues by sector?

WHAT STRONG ANSWERS LOOK LIKE

- Clear explanation tied to research, valuation, risk and portfolio construction
- Specific examples of decisions impacted by ESG
- Sector-specific materiality frameworks
- ESG embedded throughout the investment flow
- Use of internal research, not just third-party scores

POTENTIAL RED FLAGS TO WATCH

- ESG team is separate from investment teams
- No examples of ESG impacting decisions
- Reliance on third-party ESG scores (only)
- Vague statements and generic language
- > ESG considered only at reporting stage

WHAT TO ASK, HOW TO INTERPRET & WHAT TO WATCH FOR



THEMATIC INVESTING

KEY QUESTIONS TO ASK

- How do you define your themes?
- How do you avoid theme drift?
- What percentage of revenues must align with the theme?
- How do you evaluate valuation within themes?
- How do you measure thematic exposure over time?

WHAT STRONG ANSWERS LOOK LIKE

- Clear explanation tied to research, valuation, risk and portfolio construction
- Specific examples of decisions impacted by ESG
- Sector-specific materiality frameworks
- ESG embedded throughout the investment flow
- Use of internal research, not just third-party scores

POTENTIAL RED FLAGS TO WATCH

- Themes are too broad or loosely defined
- Heavy marketing language, weak method No discussion of valuation risk
- Portfolio holdings inconsistent with theme



IMPACT INVESTING

KEY QUESTIONS TO ASK

- How do you define impact?
- What specific impact outcomes do you target?
- How do you measure and verify impact?
- How does impact influence investment selection?
- Can you demonstrate additionality?

WHAT STRONG ANSWERS LOOK LIKE

- Clear distinction from ESG integration
- Specific, measurable outcomes (KPIs)
- Robust measurement and verification framework Impact influences underwriting and portfolio construction
- Evidence of additionality (theory of change) vs. status quo

POTENTIAL RED FLAGS TO WATCH

- Confuses impact with ESG integration No measurable impact KPIs
- Reliance only on SDG mapping
- No evidence of additionality
- Reporting only highlights positives

WHAT TO ASK, HOW TO INTERPRET & WHAT TO WATCH FOR



STEWARDSHIP & ENGAGEMENT

KEY QUESTIONS TO ASK

- How do you prioritize engagement topics
- What does success look like?
- Can you share examples of failed engagements?
- How do engagements influence investment decisions?
- What escalation mechanisms do you use?

WHAT STRONG ANSWERS LOOK LIKE

- Materiality-driven prioritization
- Clear objectives, milestones and escalation paths
- Transparency on both successes and failures
- Engagement outcomes inform voting, valuation, or divestment
- Escalation: voting, collaboration, board engagement, divestment

POTENTIAL RED FLAGS TO WATCH

- Focus only on number of engagements
- No escalation framework
- Engagement team is siloed
- Generic voting policies
- No evidence of difficult or controversial engagements



ORGANIZATIONAL ESG MATURITY

KEY QUESTIONS TO ASK

- How are ESG responsibilities distributed across the firm?
- How is ESG performance reviewed internally?
- How are incentives aligned?
- How are investment teams trained?
- How does leadership oversee ESG strategy?

WHAT STRONG ANSWERS LOOK LIKE

- Clear ownership and accountability
- Governance and oversight at senior level
- Incentives aligned where relevant
- Ongoing training and capability building
- Active leadership involvement in ESG strategy

POTENTIAL RED FLAGS TO WATCH

- ESG concentrated in small team
- Weak governance structure
- No link to incentives/ accountability
- Gap between marketing and operations
- No investment in internal capabilities

HOW TO INTERPRET ANSWERS

STRONG MANAGERS TYPICALLY...	WEAK MANAGERS TYPICALLY...
 Use specific examples and evidence	 Use generic statements and vague language
 Explain how ESG impacts financial outcomes	 Focus on policies and aspirations
 Show integration across teams and processes	 ESG is siloed or “tacked on” to the process
 Acknowledge trade-offs and limitations	 Overly polished, one-sided narratives
 Provide data, KPIs and transparent reporting	 Provide marketing decks, not data

THE EVALUATOR’S CHECKLIST

- ✓ Define which ESG capabilities matter most for your mandate, asset class and client base.
- ✓ Use the 5-pillar framework to structure every manager assessment.
- ✓ Ask for evidence: examples, data, case studies, quarterly reports.
- ✓ Triangulate answers with third-party research, portfolio analytics and reference checks.
- ✓ Document strengths, risks, and open questions.
- ✓ Monitor continuously post-election



KEY TAKEAWAYS

- Evaluate process, evidence, and outcomes (not promises).
- Ask for examples, data, and real decisions.
- Look beyond policies to implementation.
- Watch for red flags and marketing language.
- Strong ESG capabilities require firm-wide commitment.

**PURPOSE**

This tool provides illustrative language that advisors may adapt when documenting sustainability preferences within an Investment Policy Statement.

KEY PRINCIPLES

Sustainability preferences should be treated as **one component** of the broader investment policy framework and considered alongside:

- ✔ Financial objectives ✔ Risk tolerance ✔ Liquidity needs ✔ Time horizon ✔ Tax considerations
- ✔ Diversification requirements ✔ Sustainability preferences

Client Objectives and Preferences	The Client has expressed a desire to incorporate sustainability considerations into the investment process, including long-term environmental, social, and governance factors, while maintaining alignment with the Portfolio’s financial objectives.														
Investment Beliefs	The Client believes that environmental, social, governance, and stewardship factors may influence long-term investment outcomes and should be considered alongside traditional financial analysis.														
Sustainability Objectives	Values Alignment: "Avoid material exposure to selected activities inconsistent with client values. " Risk Management: "Incorporate sustainability-related risks and opportunities into investment decision-making. " Impact: "Allocate a portion of the portfolio toward investments seeking measurable environmental and/or social outcomes. " Stewardship: "Preference for managers demonstrating active ownership and engagement practices. "														
Portfolio Construction	<table><tr><th colspan="2">Example 1</th></tr><tr><th>Component</th><th>Allocation</th></tr><tr><td>Core diversified portfolio</td><td>80%</td></tr><tr><td>Sustainability thematic strategies</td><td>10%</td></tr><tr><td>Impact investments</td><td>10%</td></tr></table>	Example 1		Component	Allocation	Core diversified portfolio	80%	Sustainability thematic strategies	10%	Impact investments	10%	<table><tr><th>Example 2</th></tr><tr><td>Sustainability considerations shall be integrated throughout the portfolio through manager selection, security analysis, stewardship practices, and targeted thematic allocations.</td></tr></table>		Example 2	Sustainability considerations shall be integrated throughout the portfolio through manager selection, security analysis, stewardship practices, and targeted thematic allocations.
Example 1															
Component	Allocation														
Core diversified portfolio	80%														
Sustainability thematic strategies	10%														
Impact investments	10%														
Example 2															
Sustainability considerations shall be integrated throughout the portfolio through manager selection, security analysis, stewardship practices, and targeted thematic allocations.															
Investment Restrictions and Exclusions (If relevant)	"No direct investments deriving more than 10% of revenues from thermal coal production."														
Impact Allocation Policy (If relevant)	"Target allocation of 5–15% to investments seeking measurable environmental and/or social outcomes." For sophisticated clients add priority outcomes areas. Example: Affordable housing, Healthcare access...														
Stewardship and Active Ownership Preferences	"Preference shall be given to managers demonstrating active engagement, proxy voting, and stewardship activities where appropriate. "														
Manager Selection Criteria	"Sustainability-focused mandates should be managed by investment teams with demonstrable expertise in ESG integration, stewardship, or impact investing. "														
Benchmark and Performance Expectations	"The Client acknowledges that sustainability-related preferences may result in performance outcomes that differ from traditional market benchmarks over certain periods."														
Reporting Requirements	Example depending on whats relevant : Carbon metrics / Stewardship activities / Social Impact metrics. Example for Impact Investing: "Outcomes may be reported using recognized frameworks such as the SDGs, IRIS+, or manager-specific impact reporting where available."														
Governance and Review Process	Sustainability preferences shall be reviewed annually or upon a material change in the Client’s objectives, circumstances, or priorities.														



There is rarely a perfect solution that satisfies every financial objective, sustainability preference, and investment constraint simultaneously. **The objective is not perfect alignment.** The objective is to **document client preferences clearly**, communicate trade-offs transparently, and implement the most suitable strategy within the context of the client's broader financial plan.

STEP 1 OPEN THE CONVERSATION

Do not assume interest or lack of interest.

Conversation Starters Introduce the topic naturally.

- Beyond your financial goals, what outcomes are most important for your wealth or investments to support?
- Are there any personal values, causes, or issues that influence the decisions you make in other areas of your life?
- What does responsible investing mean to you, if anything?
- When you think about your investments, what outcomes are most important to you beyond financial returns?
- Are there broader personal, family, or community priorities that you would like us to consider as part of your financial plan?
- Are there any topics or issues that you believe investors should pay more attention to today?

Existing Client Conversations Established relationship.

- As we review your financial goals today, are there any additional priorities you would like us to consider that we may not have discussed in the past?
- Many investors are beginning to think about how their investments align with their broader goals and priorities. What are your thoughts on that?
- Looking back at our previous discussions, are there any values or concerns that you feel should play a greater role in your portfolio?
- Over the years, investors have started asking more questions about the environmental and social impacts of their investments. What thoughts or questions have you had about this topic?
- When evaluating investment opportunities, are there factors beyond financial performance that you think deserve consideration?

Connecting to Existing Behaviors Client already demonstrates values-driven behavior.

- I know you dedicate time and resources to causes that matter to you. Tell me a little about what motivates those commitments.
- Looking across your charitable giving, volunteering, or community involvement, are there common themes that are particularly important to you?
- What issues or causes have you chosen to support and why?
- How do the values that guide your personal decisions show up in the way you think about investing?
- If your portfolio could better align with the priorities you support elsewhere in your life, what might that look like?
- What are some examples of organizations, causes, or initiatives that you are proud to support?

Legacy and Future Generations Particularly relevant in conversations with retirees, high-net-worth clients, and families.

- What kind of legacy would you like your wealth to leave behind?
- What outcomes would you like future generations to benefit from?
- Are there concerns about the future that influence how you think about investing?
- What would you like your children or beneficiaries to inherit beyond financial assets?
- How important is it that your investments reflect the values you hope to pass on to future generations?

STEP 2 UNDERSTAND MOTIVATIONS

• What is driving your interest?

- ☐ Personal values ☐ Environmental concerns ☐ Social concerns
- ☐ Investment risks ☐ Investment opportunities
- ☐ Legacy goals ☐ Mission alignment ☐ Positive impact

Advisor Tip: Listen first. Do not discuss products yet.

STEP 3 IDENTIFY PRIORITIES (THEMES)

Environment

Climate Change,
Clean Energy,
Biodiversity, Water

Social

Human Rights,
Diversity & Inclusion,
Community,
Development,
Healthcare

Governance

Ethics,
Transparency,
Executive
Compensation

Exclusions

Tobacco,
Weapons,
Fossil Fuels,
Gambling,
Animal Testing

STEP 4 CLARIFY DESIRED OUTCOME

- ☐ Avoid Harm or Invest in Better Companies (screening)
- ☐ Support Solutions (invest in companies solving sustainability challenges)
- ☐ Create Impact (seek measurable environmental or social outcomes)
- ☐ Active Ownership (invest with managers that engage companies and vote proxies)

STEP 5 ASSESS IMPORTANCE

➤ Rate Importance (1–5):

Environmental Considerations 1 2 3 4 5

Exclusions 1 2 3 4 5

...

Social Considerations 1 2 3 4 5

Impact Objectives 1 2 3 4 5

...

➤ **Key Question:** "If we could not satisfy every preference, which ones matter most?"**STEP 6 DISCUSS TRADE-OFFS**

➤ Confirm understanding:

- ☐ Smaller investment universe
- ☐ Different sector exposures
- ☐ Potential tracking error
- ☐ Potential periods of underperformance

➤ **Ask:** "Would you still want these preferences incorporated if they reduced investment flexibility?"**STEP 7 CONFIRM AND DOCUMENT**

- ✓ Summarize priorities
- ✓ Confirm understanding
- ✓ Document exclusions, themes, and impact objectives
- ✓ Schedule review
- **Final Question:** "Have I accurately captured what matters most to you?"

Before discussing products, explain the sustainable investing spectrum

Exclusions → ESG Integration → Thematic Investing → Impact Investing → Stewardship

INVESTOR BIAS

BIAS	HOW IT SHOWS UP	RISK TO CONVERSATIONS
 CONFIRMATION BIAS	Seeks information that reinforces existing beliefs (e.g., headlines, social media, political views).	Conversations become ideological instead of focused on the client's financial objectives.
 AVAILABILITY BIAS	Recent news or events (e.g., oil spikes, ESG controversies) drive perceptions.	Short-term events are overweighted and may lead to reactive or extreme conclusions.
 MORAL LICENSING BIAS	Assumes ESG-labeled investments are automatically "good" or low risk.	Leads to less scrutiny on fees, holdings, diversification and suitability.
 IMPACT ILLUSION BIAS	Overestimates the real-world impact of public market investing.	Unrealistic expectations about impact measurements or outcomes.
 LOSS AVERSION BIAS	Fear of underperformance compared to traditional investments.	Clients may abandon well-aligned long-term strategies during volatile periods.

- Explore motivations before discussing investment solutions.
- Challenge assumptions with balanced information.
- Separate recent events from long-term trends.
- Set realistic expectations about impact outcomes.
- Reinforce diversification and long-term discipline.

ADVISOR BIAS

BIAS	HOW IT SHOWS UP	RISK TO CLIENTS OUTCOMES
 PERSONAL VALUES BIAS	Personal beliefs may unconsciously influence recommendations or conversations.	Client preferences may be overshadowed; trust and suitability can be impacted.
 SIMPLIFICATION BIAS	Overly simplifying complex sustainability topics or making broad generalizations.	Leads to incompleteness or misleading explanations.
 PRODUCT FAMILIARITY BIAS	Recommending strategies or products you know best, not necessarily what fits the client best.	Limits exploration of better-aligned options and solutions.
 FEAR / AVOIDANCE BIAS	Avoiding sustainability conversations due to politicization, uncertainty or lack of confidence.	Missed opportunities to understand client needs and strengthen relationships.

- Recognize personal biases and assumptions
- Understand client values may differ
- Identify sustainability risks and opportunities
- Connect sustainability to financial outcomes
- Know when to seek expertise

COMMUNICATION DISCIPLINE: HOW TO STAY OBJECTIVE AND HELPFUL



LISTEN ACTIVELY

Understand the client's priorities, concerns and context before offering perspectives.



ASK OPEN, CURIOUS QUESTIONS

Encourage exploration. Avoid leading questions or assumptions.



PROVIDE CONTEXT, NOT CONCLUSIONS

Share facts, trends and scenarios - avoid touting your personal opinion as a conclusion.



EXPLAIN TRADE-OFFS CLEARLY

Discuss potential risks, returns, liquidity and impact - there are always trade-offs.



STAY CLIENT-CENTRIC

Your role is to guide and support decision-making, not to persuade or promote an agenda.

**PURPOSE**

This cheat sheet highlights useful resources and references to support sustainable investing understanding, research and discussions.



This list reflects ED4S's assessment as of June 2026, is provided for informational purposes only, does not constitute an endorsement of any organization, platform, framework, or program, and may not include all available sustainable investing resources relevant to advisors.

Fund Classification & Labelling Frameworks

Country / Region	Classification System / Standard
Canada	Sustainable Investment Classification System (SIFCS)
European Union	Sustainable Finance Disclosure Regulation (SFDR – Article 6, 8, and 9 Funds)
United Kingdom	Sustainability Disclosure Requirements (SDR) Fund Labels (Sustainability Focus, Improvers, Impact, Mixed Goals)
United States	No formal regulatory classification system; SEC Names Rule and fund disclosures are commonly used to assess sustainability claims
Australia	Responsible Investment Association Australasia (RIAA) Responsible Investment Certification
New Zealand	
Hong Kong	SFC ESG Fund Authorization and Disclosure Requirements
Singapore	Monetary Authority of Singapore (MAS) Guidelines for ESG and Sustainable Funds
Japan	FSA Sustainability Disclosure Framework and Sustainable Fund Disclosure Requirements
Switzerland	Asset Management Association Switzerland (AMAS) Self-Regulation for Sustainable Asset Management
France	Label ISR (Investissement Socialement Responsable) and GreenfinLabel
Germany / Austria / Switzerland	FNG Label – Voluntary sustainability label for investment funds
Nordic Countries	Swan Ecolabel for Investment Funds
Europe (Multi-country)	Towards Sustainability Label (Belgium-based, used across Europe)

Note: Fund classifications, labels, and disclosure requirements evolve quickly and vary by jurisdiction. This list was compiled in June 2026.



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Sustainability Preference Discovery & Client Discovery

Advisor Workflow	Tool / Resource	Description
Sustainability Preference Discovery & Client Discovery	Etcho (UK)	Helps advisors identify client values and sustainability preferences and align investment solutions accordingly.
	MyFairMoney (Europe)	Offers sustainability preference questionnaires, investor education, and sustainable fund discovery tools.
	Riskalyze (Nitrogen)	Risk profiling and client discovery platform that can incorporate sustainability and values-based preferences into the advisory process.
Advisor Readiness Assessment & Practice Simulations	AdvisorSim	Assesses advisor readiness, identifies knowledge gaps, and strengthens sustainable investing conversations and recommendations.



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Fund Research & Suitability

Fund Research & Due Diligence	Description
Clarity AI	Provides sustainability, climate, biodiversity, impact, and controversy analytics for funds, portfolios, and companies.
Morningstar Sustainalytics	Provides ESG risk ratings, carbon metrics, and sustainability research for funds and companies.
MSCI ESG Manager	Offers ESG ratings, fund screening tools, and portfolio analytics to support investment due diligence.
Fund EcoMarket (UK)	Searchable database of sustainable, responsible, ethical, and impact investment funds available in the UK market.
Morningstar Sustainable Fund Screener	Enables advisors to identify and compare sustainable funds across multiple markets.
Responsible Returns (Australia)	Sustainable fund and investment manager directory maintained by RIAA.
Ethic	Enables advisors to build customized portfolios aligned with clients' specific sustainability and values preferences.
YourStake (USA)	Provides holdings-based analysis of sustainability and impact alignment.
As You Sow – Invest Your Values (USA)	Screens funds and portfolios for exposure to issues such as fossil fuels, weapons, deforestation, and gender equity.



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Certification and Educational Programs

Organization	Program Name	Brief Description
CFA Institute	Sustainable Investing Certificate	ESG integration, stewardship, impact investing, and portfolio applications; suitable for advisors and investment professionals.
Chartered Institute for Securities & Investment (CISI)	Certificate in Sustainable and Responsible Investment	Responsible investment approaches, ESG analysis, regulation, and sustainable products; suitable for advisors and wealth managers.
Responsible Investment Association Canada	Responsible Investment Specialist (RIS) Designation	Responsible investment concepts, Canadian regulations, sustainable products, and client conversations; designed for Canadian advisors.
College for Financial Planning	Chartered SRI Counselor (CSRIC®)	Client values discovery, sustainable portfolio construction, and product selection; designed for U.S. advisors.
Canadian Securities Institute (CSI)	Sustainable Investment Professional Certification (SIPC)	Sustainable investing fundamentals, ESG integration, and portfolio applications; suitable for advisors and wealth managers.
European Federation of Financial Analysts Societies (EFFAS)	Certified ESG Analyst (CESGA)	ESG analysis, valuation, stewardship, and portfolio management; designed primarily for analysts and portfolio managers.
PRI Academy	Responsible Investment Courses	ESG integration, stewardship, sustainability risks, and responsible investment implementation; suitable for investment professionals.
ED4S	Sustainable Investing Capability for Advisors	Client discovery, product evaluation, suitability, and sustainable portfolio construction; designed for advisors and wealth managers.



PURPOSE

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Practical Guides, Research & Reference Materials

Organization	Resource	Description
CFA Institute	Sustainable Investing Definitions	Provides foundations of sustainable investing for ESG integration, stewardship, thematic investing, impact investing, and other sustainable investing approaches.
ED4S	Sustainable Investing Advisor Playbook & Toolkit	Practical guide covering client discovery, product evaluation, portfolio construction, suitability, stewardship, and implementation tools for advisors.
Eurosif	European SRI Study	Comprehensive overview of sustainable investing trends, regulatory developments, and market evolution across Europe.
Morningstar	Sustainable Investing Insights	Research, fund flow analysis, investor demand trends, and commentary on developments in sustainable investing.
Morgan Stanley Institute for Sustainable Investing	Sustainable Signals	Investor sentiment research examining how sustainability influences investment decisions across investor segments.
PRI	Active Ownership 2.0	Practical guidance on stewardship, shareholder engagement, and proxy voting practices.
PRI	ESG Integration Resources	Practical guidance on incorporating ESG factors into investment research and decision-making processes.
RIA Canada	Canadian Responsible Investment Trends Report	Overview of sustainable investing adoption, product trends, investor demand, and assets under management in Canada.
UKSIF	Adviser Resources Hub	Practical guidance, tools, and market insights for advisers integrating sustainability into investment advice and client conversations.
US SIF	Financial Advisor Roadmap – Part 1: Understanding Client Sustainability Preferences	Guidance for identifying and documenting sustainability-related client goals and preferences.
US SIF	Financial Advisor Roadmap – Part 2: Researching and Evaluating Sustainable Investments	Framework for assessing sustainable investment products, strategies, and fund characteristics.
US SIF	Financial Advisor Roadmap – Part 3: Building and Managing Sustainable Portfolios	Guidance on portfolio construction, implementation, monitoring, and client communication.
US SIF	Report on US Sustainable Investing Trends	Research on sustainable investing adoption, product development, and market growth in the United States.



THANK YOU!

ANY QUESTIONS?



ED4S

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