

## Lesson 4

# Chapter 1: Investing concepts

**Recommended course:** Career Studies, Grade 10, Open

**Recommended course code:** GLC20

**Strand:** Planning and financial management to help meet postsecondary goals

**Time:** One 75-minute period

**Topic:** Asset classes and sustainable investing



## Curriculum Connections

### OVERALL EXPECTATIONS:

- C2. Demonstrate an understanding of responsible management of financial resources and of services available to support their financial literacy as they prepare a budget for their first postsecondary year.

### SPECIFIC EXPECTATIONS:

- C2.1 Describe fundamentals of financial responsibility, assessing the benefits of a variety of savings options and exploring planning tools available through financial institutions and other avenues.

### 21<sup>ST</sup> CENTURY/GLOBAL COMPETENCIES:

- Global citizenship and education for sustainable development: the acquisition of knowledge, motivation, dispositions and skills required for an ethos of engaged citizenship, with an appreciation for the diversity of people and perspectives and the ability to envision and work toward a better and more sustainable future for all.
- Digital literacy: Selecting and using appropriate digital tools to collaborate, communicate, create, innovate and solve problems.
- Critical thinking and problem solving: The ability to analyze information, think critically and develop creative solutions to complex problems.
- Communication: Effectively conveying ideas, information and data through various mediums, including written, oral and visual communication.
- Collaboration and teamwork: Working effectively with diverse groups of people, recognizing the value of different perspectives, and achieving common goals.
- Financial literacy: Understanding basic financial concepts and the ability to make informed financial decisions.

## Assessment and evaluation

### Assessment/success criteria:

- Understand the concept of ethical investing and its importance in financial planning.
- Explore the process of building ethical investment portfolios.
- Analyze and evaluate real-world examples of ethical investment portfolios.
- Develop critical thinking and decision-making skills related to financial management.

### Assessment tools: (Assessment FOR/AS/OF learning)

- **AS learning:** Observation based on the students' participation in group discussions.
- **AS or OF learning:** Assessing students' ability to apply their learning through building, analyzing and presenting their ethical investment portfolio.
- **AS or OF learning:**
  - Concept map
  - Reflection
  - Presentation

## Prior learning

Prior to this lesson, students will have an understanding of

- their own values and code of ethics
- the difference between saving and investing

## Instructional strategies

- Direct instruction
- Discussion
- Collaborative learning
- Problem-based learning
- Socratic questioning
- Inquiry-based learning
- Project-based learning
- Use of technology
- Concept mapping
- Differentiated instruction

## Materials and resources

- Computer, speakers, classroom digital video projector, Internet access
- Whiteboard and markers, chalk and chalkboard or equivalent
- PowerPoint Presentation: "Asset classes and responsible investing"
- Student handout: PowerPoint slides
- Student devices, classroom computers or shared computers, tablets, laptops, etc.
- Student access to PowerPoint



**MINDS ON (15 minutes)**

1. Ask students if they have heard of the term “sustainable investing” and if anyone can define it.
2. Using the PowerPoint as a visual aid, explain that sustainable investing is an umbrella term for the various ways in which investors can consider Environmental, Social and Governance (ESG) factors within security selection and portfolio construction to complement traditional financial factors.
3. Have students work as partners to research examples of companies that are known to have positive environmental, social and/or governance practices, and post their findings to a discussion forum on the class website and/or share with class orally.

Examples of companies that have been recognized for demonstrating sustainable or positive ESG practices:

**Patagonia:** Patagonia, a well-known outdoor clothing company, is a pioneer in ethical business practices. It is committed to environmental sustainability and donates a percentage of its profits to environmental causes. It has also been involved in activism for environmental protection.

**Ben & Jerry's:** The ice cream company Ben & Jerry's is known for its strong commitment to social and environmental causes. It actively supports issues such as climate change, fair trade and social justice through its business practices and philanthropy.

**The Body Shop:** This cosmetics and skincare company is dedicated to ethical sourcing and environmental sustainability. It was among the first to campaign against animal testing and has worked to empower marginalized communities through its trade partnerships.

**Tesla, Inc.:** Tesla, an electric vehicle and clean energy company, is often associated with ethical investing due to its mission to accelerate the world's transition to sustainable energy. It focuses on reducing greenhouse gas emissions and increasing energy efficiency.

**Danone:** Danone is a multinational food products corporation that places a strong emphasis on social and environmental responsibility. It is a Certified B Corporation and has committed to sustainable agriculture, responsible sourcing and reducing its environmental footprint.

**Etsy, Inc.:** Etsy is an online marketplace that connects artisans and sellers with buyers interested in unique and handmade products. The company is dedicated to supporting small businesses, sustainable practices and ethical sourcing.

**Adobe Systems:** Adobe is known for its corporate social responsibility and sustainability efforts. It prioritizes diversity and inclusion, carbon neutrality and reducing its environmental impact through initiatives such as Adobe For All and Adobe Sustainability.

**Whole Foods Market:** Whole Foods is a grocery store chain that emphasizes natural and organic products, sustainable sourcing and ethical treatment of animals. It was an early adopter of responsible sourcing and has made efforts to reduce its environmental footprint.

## ACTION (20 minutes)

1. Use the whiteboard to create a list of reasons why sustainable investing is important.
2. Discuss the environmental, social and governance concepts.
3. Introduce responsible investment strategies such as ESG integration (supplementing traditional financial analysis), negative/exclusionary screening (avoiding certain industries), positive/best-in-class screening (investing in certain industries), thematic investing (investing in specific environmental or social themes) and impact investing (investing for positive social and environmental impact).
4. Discuss the steps involved in building a sustainable investment fund:
  - a. identifying your values and beliefs, e.g., climate change, female diversity, biodiversity
  - b. researching and selecting companies that meet your values and beliefs
  - c. diversifying your investments to manage risk
  - d. continually monitoring and adjusting your portfolio
5. Explain the different asset classes (slide 13), and explain how you can select sustainable investment options from each class.

### Examples offered by Fidelity Investments Canada:

Fidelity Sustainable World ETF (FCSW):

- This exchange-traded fund (ETF) seeks to identify companies that are believed to have favourable environmental, social and governance (ESG) characteristics, leveraging a quantitative multi-factor model.
- The Fund allows investors to align their investment objectives with their values by investing in companies with favourable ESG characteristics.

Fidelity Women's Leadership Fund:

- This mutual fund seeks to identify investment opportunities in companies that prioritize and advance women's leadership and development.
- The Fund focuses on (i) female CEOs or companies that have other influential women on the management team, (ii) at least 33% of the board is composed of women, or companies with three or more women on the board, and (iii) companies with best-in-class gender diversity initiatives and policies.

Fidelity Climate Leadership Funds™:

- These mutual funds seek to invest in companies anywhere around the world that are believed to reduce the risks, or are expected to benefit from the opportunities, associated with climate-related issues or the global transition to a low carbon economy.
- Fidelity offers multiple funds within this suite, including an equity fund, fixed income fund and balanced fund.
- The suite is designed to provide investors with options for aligning their portfolios with climate-focused investment objectives.

## CONSOLIDATION AND CONNECTION (30 minutes)

Go through slides #15–17 (list of ESG factors)

### Environmental criteria:

- Climate change mitigation: Investing in companies that actively work to reduce their carbon footprint and address climate change issues.
- Energy efficiency: Supporting businesses that implement energy-efficient practices and technologies.
- Renewable energy: Investing in companies involved in renewable energy sources such as wind, solar and hydroelectric power.
- Sustainable resource management: Supporting businesses that promote responsible resource management, such as sustainable forestry or agriculture.
- Waste reduction: Backing companies that minimize waste generation and promote recycling and sustainability in their operations.
- Clean technology: Investing in companies that develop and provide clean and sustainable technologies.

### Social criteria:

- Labour practices: Supporting companies that maintain fair labour practices, safe working conditions and worker rights.
- Diversity and inclusion: Investing in organizations that prioritize diversity in their workforce and leadership roles.
- Community involvement: Backing businesses that engage with and contribute positively to the communities in which they operate.
- Product safety: Investing in companies that ensure the safety and ethical use of their products.
- Human rights: Supporting organizations that respect and uphold human rights standards.
- Conflict avoidance: Avoiding investments in companies associated with regions or industries linked to human rights violations or armed conflicts.

### Governance criteria:

- Governance structure: Supporting companies with strong leadership, transparent decision-making and good corporate governance practices.
  - Anti-corruption: Investing in organizations that actively combat corruption and bribery.
  - Board diversity: Backing companies with diverse and independent boards of directors.
  - Executive compensation: Evaluating executive compensation to ensure it aligns with company performance and industry standards.
  - Business ethics: Investing in companies with a strong commitment to ethical business practices and legal compliance.
1. Instruct students to create their own sustainable investment fund by selecting companies that align with their personal values and beliefs, based on various ESG factors.
  2. Review the following asset classes, and specify that students must include at least two of the following asset classes:
    - a. stocks (or ETFs)
    - b. bonds (or bond ETFs)
    - c. real estate
    - d. REIT
    - e. Commodities
    - f. Cryptocurrencies
  3. Students should create a concept map that includes their ESG criteria and chosen investments.
  4. Instruct students that they will get a work period the following class, OR assign for homework.





## Homework

Students may need to complete the portfolio selection mind map as homework, or the teacher can provide a work period for the following classes. Students should be prepared to present their responsible investment portfolio to their classmates, either to the whole class or in smaller groups.

## Accommodations

- It is important to avoid assumptions and respect family and cultural expectations, practices and perspectives when discussing financial responsibility and planning with students.
- Differentiation through student choice.
- Use a mix of visual, auditory and kinesthetic activities.
- Clear learning objectives.
- Visual aids.
- Accommodations for diverse needs: text-to-speech software, extended time.
- Hands-on activities.
- Discussion and collaboration.
- Personalized support.
- Real-life examples.
- Scaffolded instruction.
- Assessment flexibility.
- Regular check-ins.

## References

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