

## Looking at the 'E' in ESG for Earth

Happy Earth Day!

Today is not only a day for celebration as we may take a walk outside to appreciate our natural environment, but today as we celebrate Earth Day 2022, we reflect on how we will invest in our planet moving forward.

Yesterday our team attended an Earth Day 2022 change-makers event where we heard from the inspiring Erin Brockovich: a renowned consumer advocate and passionate environmental activist (and the subject of a ground-breaking movie of the same name). She reminded us that “we all participate in the ever-changing world we live in and we do it because we love our family, our health, the land, and the water that keeps us alive. We love watching our children grow up and play, we dream of sending them off to college, being there to see their grandbabies born. Love is our legacy of what we will leave to the next generation, and they, the planet. Our environments are worth fighting for.” We couldn’t agree more. And because of this love, she said, and we repeat: “I am here to sound an alarm. We must activate ourselves.”



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In the words of this year's Earth Day Organizers, “This is the moment to change it all — the business climate, the political climate, and how we take action on climate. Now is the time for the unstoppable courage to preserve and protect our health, our families, our livelihoods... together, we must invest in our planet.”

We must ask ourselves not only how we can shift our day-to-day habits towards sustainability, but how are we going to shift our business and investing habits to repair the environmental devastation that we have created over the last century, yet still maintain profitability.

So far in this series of investigating ESG investing we have taken a deeper dive into social and governance factors. Now we are going to explore what investing for environmental factors can look like in principle and action. First, it is essential to note that although we are looking at these ESG factors separately, the criteria we use to engage in socially responsible investing are all inextricably intertwined. When investing in governance factors that promote better board structure, we will inevitably create better social outcomes through diversity. Investing in better social outcomes such as indigenous relations inevitably creates better environmental outcomes. Investing in climate action can even go so far as to have an impact on reducing cases of domestic violence. The positive butterfly effects of socially responsible investing are endless. So, with all this in mind let's take a closer look at environmental focused investing.

When we talk about the 'E' in ESG we are talking about focusing our investment criteria on environmental issues. These issues can include greenhouse gas (GHG) emissions, water scarcity, renewable energy, pollution, ocean

acidification, food production and delivery, resource depletion and waste management just to name a few.

One common way of focusing on environmental investing can be through sustainability themed investing. Sustainability themed investment funds invest in businesses that are involved in energy efficiency, green infrastructure, clean fuels, low-carbon transportation infrastructure, sustainable food production, and those that provide adaptive solutions to some of the most challenging climate issues of our time. Many environmentally focused responsible investment funds employ a variety of techniques to pursue better environmental outcomes, from positive and negative screening to shareholder engagement and divestment.

With environmental focused investing, positive screening might look like including best in class green technology and energy companies. While negative screening, also known as exclusion, might look like excluding fossil fuels from a portfolio, or companies that cause or fail to mitigate environmental degradation.

Some environmental themed investment funds aim to promote change from within, and not by divestment, but by owning, for example, some better managed fossil fuel companies, and engaging them to improve environmental practices, move more quickly toward net-zero, or transition to other, non-polluting businesses. A company's ability to manage long-term risk is typically evaluated in terms of how it addresses environmental problems and the steps it takes to prevent future risk. But it does happen in some cases where company attempts to mitigate environmental risks and GHG emissions are not sufficient, or incidents or oil spills are not adequately addressed, and

future preventative measures are not taken. Divestment in such cases can then act then as a strategy to send a strong message to the company.

A more forward and aggressive way of aligning your money with your environmental values is similar to sustainability investing, but amplified, through engagement and more thoughtful targeting. This is called impact investing. Impact is achieved when investments are made in companies, organizations, and funds with the intention to generate a measurable and specific beneficial social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and tend to target a range of returns from below-market to above-market rates, depending upon the circumstances. The impact investments we recommend to our clients aim to generate returns comparable those that do not also deliver impact. Impact investors actively seek to invest in companies or projects that provide solutions to social and environmental problems.

Whatever environmental issues are important to you, whatever level of engagement and risk you feel comfortable with, our team is here for your education and support. Reach out to us to discuss your 'E' focused responsible investing options.

### **We are Proud to Announce...**

For the fourth year in a row Sonia LeRoy has been selected as an excellence awardee for the Wealth Professionals Awards. This time, for *The Sun Life Global Investments Award for Advisor of the Year – Responsible Investments*.

This award honours advisors who have demonstrated excellence over the last twelve months with socially responsible investments.

### **You're Invited: Upcoming Webinar**

#### Investing for Retirement Income

Join us for part two of our exclusive event featuring Daryl Diamond, author of *"You're Retirement Income Blueprint"* and *"Retirement for the Record"* to dive deeper into retirement income planning and the learn about the unique investment considerations and strategies required to retire with confidence.

Event Access Code: SL408

Registration

Link: [https://us06web.zoom.us/webinar/register/WN\\_nVjpfDGBRratcAVt\\_e0yQw](https://us06web.zoom.us/webinar/register/WN_nVjpfDGBRratcAVt_e0yQw)

Date and time of webinar: Tuesday, May 3rd, 7:00 - 8:00 pm

### **Upcoming Tax Deadlines**

Don't forget the tax filing and payment deadline for individuals is May 2, 2022. Corporate and self-employed taxpayers must file by June 15, 2022, but payment is due May 2, 2022.

Taxpayers who received CEBA or government COVID-19 benefits and who were able to defer tax from the previous year must pay any previous balance owing by April 30th,

2022. If your income was less than 75,00 and you received any COVID-19 benefit(s) then you will begin owing interest after April 30th.

We have noticed that some clients are forgetting to deduct eligible non-registered (Open, Cash accounts) investment fees, as indicated on the compensation report section of your annual reports for 2021. Also, if your non-registered investments generated any taxable capital gains or losses in 2021, our team sent you a realized Gain/Loss Report last month to conveniently summarize any information needed for tax reporting, to pair with a T5008 you would have also received. If you are unclear or have any questions regarding upcoming tax deadlines or reporting, please do not hesitate to contact us.

Please email our Responsible Investing Literacy Coordinator Rowan Hughes at [rowan.hughes@ipcsecurities.com](mailto:rowan.hughes@ipcsecurities.com) to tell us about how you plan are celebrating earth day this year and we will mail you a free copy of the book Sonia LeRoy has co-authored: Financial Success for Women by Women, published in the spring of 2020. Her chapter, titled Responsible Investing: Align Your Money with Your Values, reviews the responsible investing landscape, why to invest responsibly, and how to do so in a manner that supports one's own values while leveraging one's power as an investor to make the world a better place

Happy Earth Day! Make the most of it, and as always reach out we would love to hear from you.

Thank you,

Sonia & Adrian