

Subject SP5

Corrections to 2021 study material

0 Comment

This document contains details of any errors and ambiguities in the Subject SP5 study materials for the 2021 exams that have been brought to our attention. We will incorporate these changes in the study material each year. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses. If you have any such comments on this course please email them to SP5@bpp.com.

This document was last updated on **12 February 2021**.

1 SP5 CMP upgrade 2021

Page missing

The CMP upgrade that was posted on the ActEd website until mid February 2021 was missing one replacement page from Chapter 9. The page is attached to the end of this document, and follows the page numbered '11e' in the upgrade document. Page 11e contains sections headed 'Sustainable finance' and 'Climate change'.

From February onwards the upgrade document was corrected and contained all pages.

5 Ethical considerations

As mentioned in Section 4.1, ethical investment incorporates one or more ethically or morally motivated constraints. One example is social impact investing.

5.1 Social impact investing

Social impact investing (or simply impact investing) is the investment in companies and projects that not only consider ESG as part of their strategy, but additionally hold themselves accountable for delivering an explicit positive impact on society.

For example, an individual may choose to invest in a restaurant. This restaurant may source its food and staff from within its general locality and may be deemed to employ and practice good ESG principles. This investment would fall under the category of ESG investing but not necessarily social impact investing.

On the other hand, the individual may choose to invest in a restaurant which aims to rehabilitate ex-offenders and drug addicts through teaching culinary skills; enabling them to find gainful employment within their kitchen or elsewhere. This investment would fall under the category of social impact investing. The restaurant holds itself responsible for providing a positive impact to ex-offenders and drug addicts.

In reality, there is a spectrum of investment types ranging from traditional forms of investment to philanthropy.

According to the Global Impact Investing Network (GIIN), the global size of the impact investment market was \$504 billion at the end of 2018. This market has grown largely in the last decade. This growth is expected to continue given the growing interest in impact investing and targets such as the United Nations sustainable development goals (UNSDG).

For more information on impact investing and the growth of the impact investment market see:

https://thegiin.org/assets/Sizing%20the%20Impact%20Investing%20Market_webfile.pdf

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811914/Final_report_by_the_Implementation_Taskforce_Growing_a_culture_of_social_impact_investing_in_the_UK_2019.pdf

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