

In 1984, the United States Social Investment Forum (US SIF) was established in Washington, DC as a nonprofit organization. US SIF catalogues information on socially responsible investment opportunities and provides educational resources and programs to individuals and institutions seeking to choose more ethical investments. The organization changed its name to US SIF: The Forum for Sustainable and Responsible Investment in 2011. US SIF holds membership in the Global Sustainable Investment Alliance, an international organization with a similar mandate that operates across multiple regions including the United States, Canada, the United Kingdom, Australia, and the European Union.

The term “ESG” was coined in a 2005 research paper titled “Who Cares Wins,” which was jointly published by the United Nations and the Swiss Federal Department of Foreign Affairs. The paper outlines and describes the framework that now defines the ESG system, placing the ESG methodology at the theoretical epicenter of an evolved global financial system designed to promote sustainability and social responsibility.

Following the paper’s publication, ESG developed into a codified indexing system that generates scores across its three defining categories. Interest in EGS investing soared during the global COVID-19 pandemic as a result of a growing number of investors, especially from younger demographics, turned to the financial markets during the widespread business closures and economic shutdowns prompted by the global health crisis. A 2021 report published by NASDAQ noted that ESG investing surged in 2020; it compared that year to 2019, NASDAQ found that 51 percent more institutional investors and 45 percent more investment fund selectors actively sought ethical and socially responsible investment opportunities.

Overview

As described in the original 2005 “Who Cares Wins” report, ESG indexes evaluate a company’s commitment to sustainable, responsible, and inclusive environmental, social, and governance policies. Analysts evaluate a company’s performance across each of these three main factors, with their aggregates combining to yield an overall score. Investors can then search for [exchange traded funds](#) [j](#)

investment products that account for ESG i

