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WWF International

Ethical investing: Chiew Chong

New figures from the European Social Investment Forum show that socially responsible investing (SRI) is growing fast in Europe—around 15% annually for the past five years. The think-tank conservatively estimates that it's now a €1 trillion industry.

That's good news for Chiew Chong of WWF International. Like a growing number of nonprofit CFOs, Chong has been working with his trustees to channel WWF investments into SRI funds that chime with the charity's mission. Such "project-based investing," a hot topic among nonprofits, requires investing for a higher return socially rather than financially.

In the traditionally conservative investment world of nonprofits, SRI has critics. The Bellagio Forum, a network of grant-giving organisations, found that 43% of European foundation executives believe SRI policies reduce returns. And when asked whether asset management should be linked to a nonprofit's mission, nearly 40% said "no." Chong, who joined WWF's HQ in Switzerland in the early 1990s from the for-profit world, argues that no evidence shows SRI funds underperforming non-SRI funds. That's why he felt it made sense that WWF (which spent €367.5m on charitable projects in 2005 on an income of €400m) should not only invest in SRI funds, but also set one up. "I had been here ten years when I started asking myself what I could do to make a difference," Chong recalls. "I knew my finance, I knew my conservation and somehow I wanted to bring the two together." The Living Planet Fund was launched in Luxembourg in 2003 with the help of UBS and Sarasin and only includes firms that meet social and environmental criteria—firms with more than 10% of their revenue derived from alcohol, tobacco or arms are automatically excluded. The fund has grown from SFr5m (€3m) to SFr40m and

Chong expects this to double by 2008—potentially becoming an important source of funding, since the WWF gets a cut of the management fees. So far, returns have been in line with equity benchmarks. It's a direction that pleases Chong, who says the fund makes the 40% of WWF's portfolio invested in equity entirely SRI based. "We've always been more or less investing ethically," he says. "Now we're totally ethical."