



1. Situation

- Interest in sustainable investing increased sharply
- Financial institutions offer dubious sustainable products (greenwashing)
- Could ETFs, one of the most important financial instrument, be characterized as a sustainable investment instrument?

2. Research Question

- Many ETFs are called sustainable ETFs by their issuer.
- How sustainable are sustainable ETFs?

3. Our Approach

- First, need a definition of a “sustainable investment”: the intention to realize a positive impact in terms of solving social and/or environmental problems (fulfillment of SDGs and Paris Agreement).
- Second, we have to analyze sustainable indices based on our sustainability definition. Which indices are really sustainable?
- Third, we analyze a sample of ETFs based on their benchmark index. Is the benchmark index a sustainable one, then the ETF is sustainable.

4. Methodology

Structured Literature Analysis

Identifying a sample of sustainable ETFs from a well-known ETF platform

Operationalizing the selected definition of sustainability

Using it to identify sustainable indices and - in a next step - really sustainable ETFs

5. Data

Platform: www.justetf.com / March 28, 2022 / stock ETFs with long-only strategy and tradable in Europe / = 75 sustainable ETFs, based on 63 sustainable called indices.

6. Analysis

- Only the following sustainable investment strategies allow to realize a strong sustainable index level: **impact investing, themed investing, EU PAB, EU CTB.**
- Based on the sustainability level of sustainable indices, only 25 of 75 ETFs (33.3%) can be named strong sustainable.
- In many cases, strong sustainable ETFs cannot be identified by their name.
- Greenwashing is omnipresent and investors need to be informed.

8. Societal Impact

This small project shows, that a really sustainable ETF investing is possible, but investors have to be very well informed.

Government and regulators are directed to change the current regulation: a binding definition of sustainability is needed.

9. Current Status of the Project

Kerber, L. M., Kordsachia, O. & Menichetti, M. J. (2022). How sustainable are sustainable ETFs? Working Paper. This working paper is in the process of being written.