Sustainability Factor Returns

A 10-YEAR GLOBAL ANALYSIS

About Impact Cubed

We draw on decades of sustainable investment expertise
to advise throughout the investment value chain.

ANALYSE & REPORT

All our data is outcome based, factual and quantitative. Measure
against an existing benchmark, or upload your own. One-click PDF
downloads for both clients and regulators.

OVER 300 ESG METRICS

Get the full ESG impact picture across all our datasets – for securities,
funds and portfolios. We split revenues by region and business
activity, giving you the most granular impact data available.

3D INVESTMENT SOLUTIONS

Map your investment universe across risk, return and impact in a 3D
space alongside any ESG dimension – enabling more advanced
portfolio construction for completely tailored client solutions.

Foreword

By understanding the risk and return consequences of sustainability choices quantitatively, investors can enhance their ability to set precise and informed sustainability objectives. This three-dimensional insight in turn enables more optimal portfolio construction to deliver the chosen sustainability targets.

By applying factor investing techniques and Impact Cubed's sustainability factor data, we are able to empirically demonstrate the performance characteristics of the 11 key sustainability factors featured in this booklet.

This analysis empowers investors to move beyond intuition and anecdote, grounding sustainability decisions in quantitative investment frameworks. With a clear view of how specific sustainability factors influence financial outcomes, investors can build portfolios that are not only aligned with their values but with the optimal risk and return characteristics.

Aston Chan
CIO, Head of Investment Solutions

Methodology

UNIVERSE
Global Developed Market Equities

FOR OPERATIONAL FACTORS
High: All issuers are ranked by the relevant metric, the highest quintile (20%) are selected to form a long-only portfolio with equal weighting. Historic performance is calculated for this high quintile basket.

Low: The same is performed with the lowest quintile (20%) issuers.

FOR REVENUE FACTORS
Positive: We calculate values for all issuers, where the relevant net revenue is greater than zero, the issuers are selected to form a long-only portfolio with equal weighting. Historic performance is calculated on this high quintile basket..

Negative: The same is performed for issuers with net negatively aligned revenue.

FREQUENCY
Baskets are rebalanced annually.
Monthly USD Total returns are shown.

TIME PERIOD
January 2014 to December 2024.

Summary

	Sustainability Factor	Orientation	Annualised Return	Annualised Volatility	Information Ratio
Environmental	Carbon Emission Intensity	Low vs High	3.93%	7.10%	0.55
	Water Usage Intensity	Low vs High	2.98%	6.10%	0.49
	Waste Generation Intensity	Low vs High	4.72%	6.89%	0.68
	Net SDG Environmental Aligned Revenue	Positive vs Neg	2.84%	11.23%	0.25
Social	Economic Development (GDP, geographic exposure)	Low vs High	-3.22%	8.34%	-0.39
	Unemployment (Geographic exposure)	High vs Low	-0.80%	8.28%	-0.10
	Tax Gap	Low vs High	-1.80%	3.08%	-0.58
	Net SDG Social Aligned Revenue	Positive vs Neg	-0.82%	5.59%	-0.15
Governance	Gender Equality	High vs Low	1.35%	8.15%	0.17
	Board Independence	High vs Low	4.71%	8.56%	0.55
	Exec:Employee Comp Ratio	Low vs High	-3.46%	4.53%	-0.76

Environmental Factor Returns

Please see methodology page and disclaimer for more information.

LOW V HIGH CARBON EMISSION INTENSITY
Tonnes of Scope 1 & 2 carbon emissions per $1M revenue.

Environmental Factor Returns

Please see methodology page and disclaimer for more information.

LOW V HIGH WATER USAGE INTENSITY
Thousand cubic metres fresh water used per $1M revenue.

Environmental Factor Returns

Please see methodology page and disclaimer for more information.

LOW V HIGH WASTE GENERATION INTESITY
Tonnes of waste generated per $1M revenue.

Environmental Factor Returns

Please see methodology page and disclaimer for more information.

NET SDG ENVIRONMENTAL ALIGNED REVENUE
Revenue from environmental good products and services activities.

Social Factor Returns

Please see methodology page and disclaimer for more information.

ECONOMIC DEVELOPMENT
Median income of portfolio weighted geography of economic activity.
High GDP indicates activity in high income (or high GDP) countries.
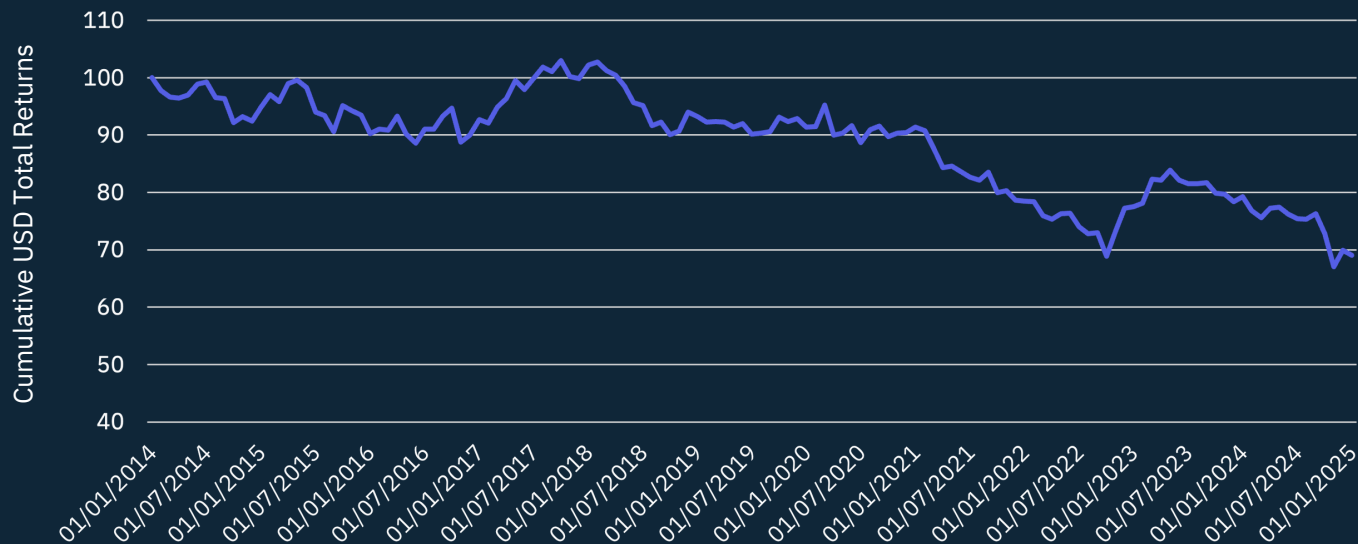
Social Factor Returns

Please see methodology page and disclaimer for more information.

HIGH V LOW UNEMPLOYMENT
Unemployment in portfolio weighted area of economic activity. Higher indicates that products and services are being carried out in high unemployment areas.
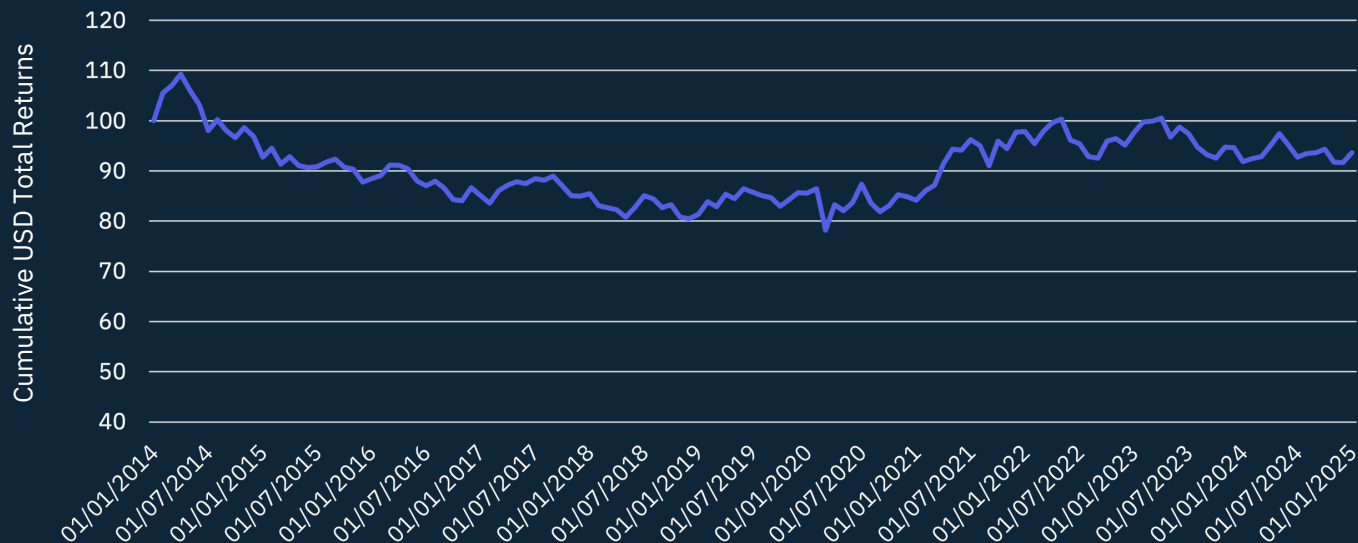
Social Factor Returns

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LOW V HIGH TAX GAP
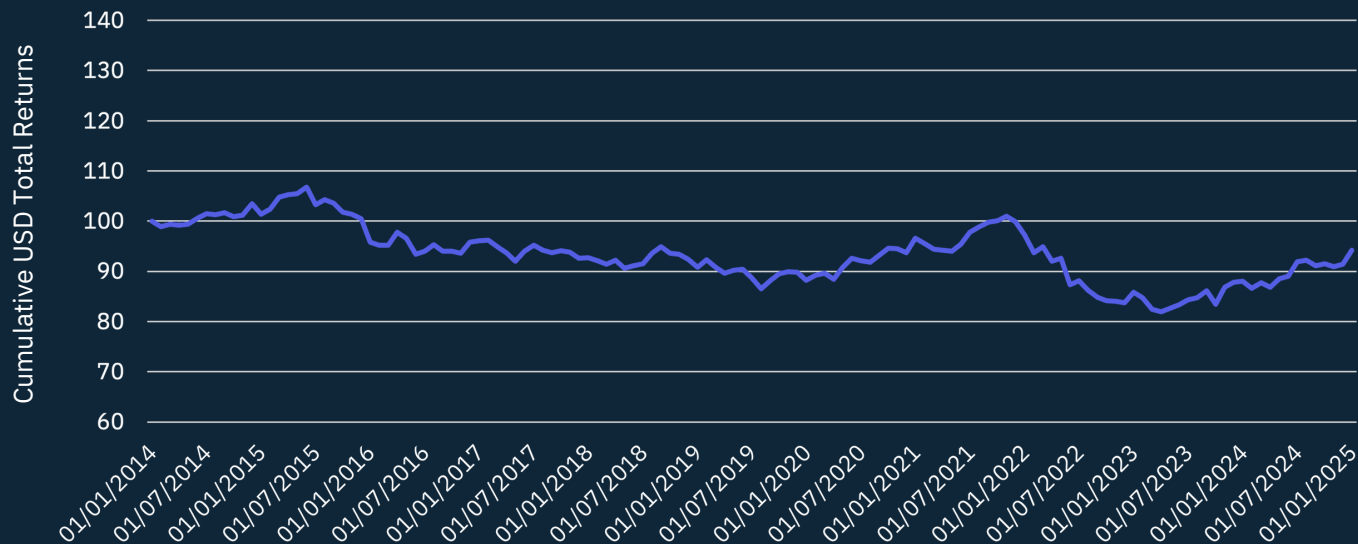Estimated % tax avoided by corporate tax mitigation schemes.
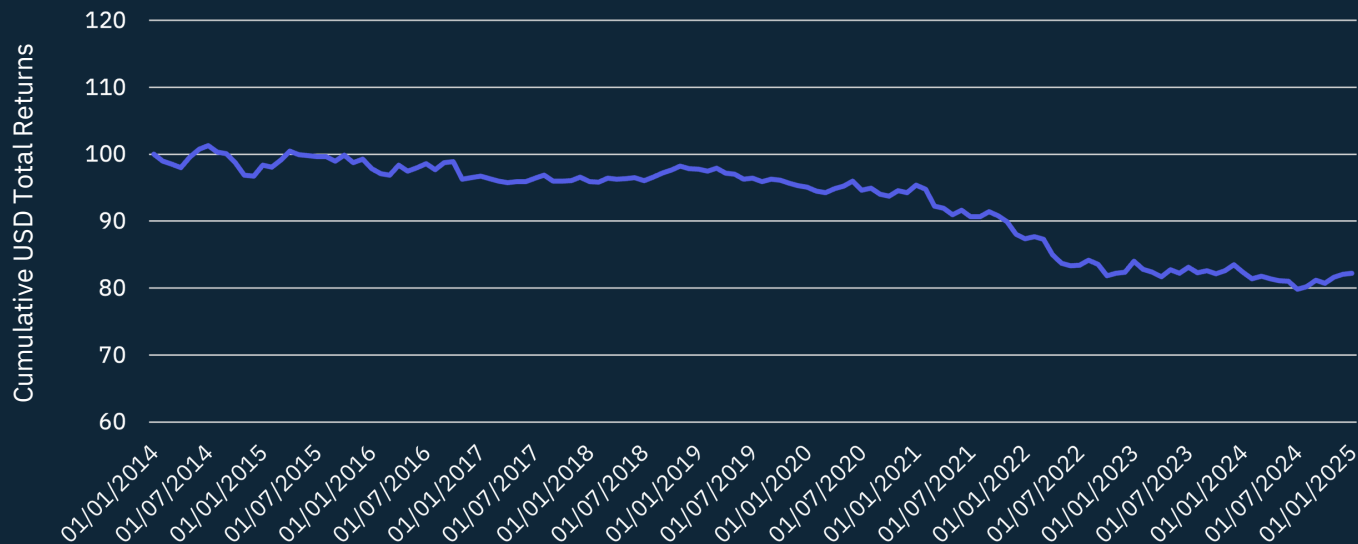
Y-axis: Cumulative USD Total Returns (60 to 120)

X-axis: 01/01/2014 to 01/01/2025

Social Factor Returns

Please see methodology page and disclaimer for more information.

NET SDG SOCIAL ALIGNED REVENUE
Revenue from socially good business activities.

Governance Factor Returns

Please see methodology page and disclaimer for more information.

HIGH V LOW GENDER EQUALITY
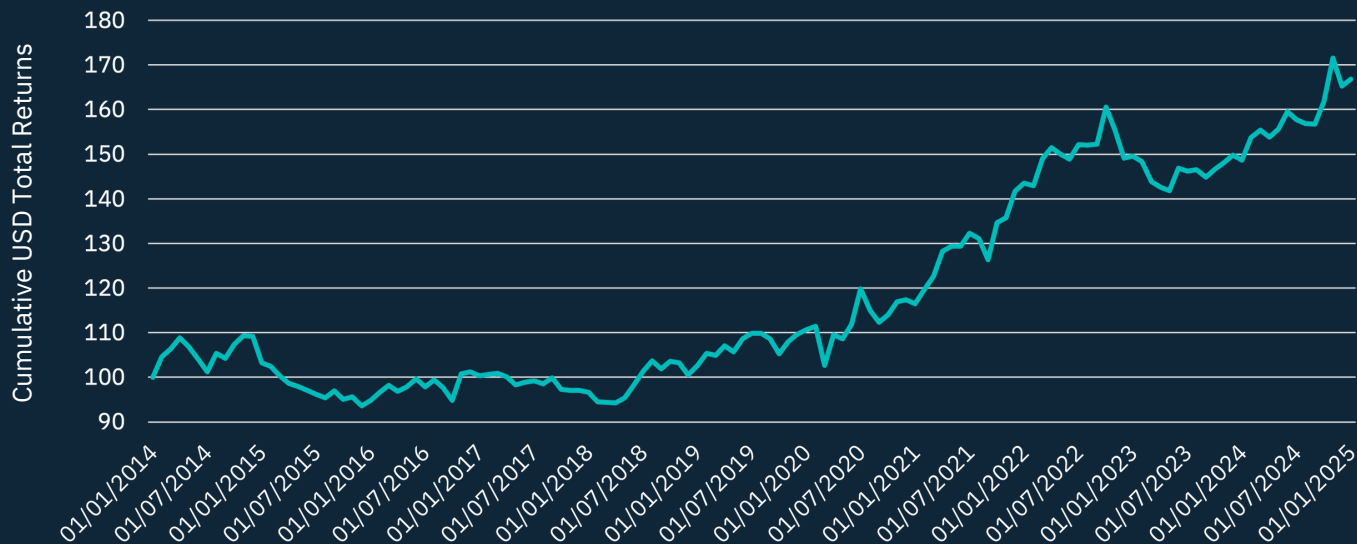Percentage of women in boards and top management.

Governance Factor Returns

Please see methodology page and disclaimer for more information.
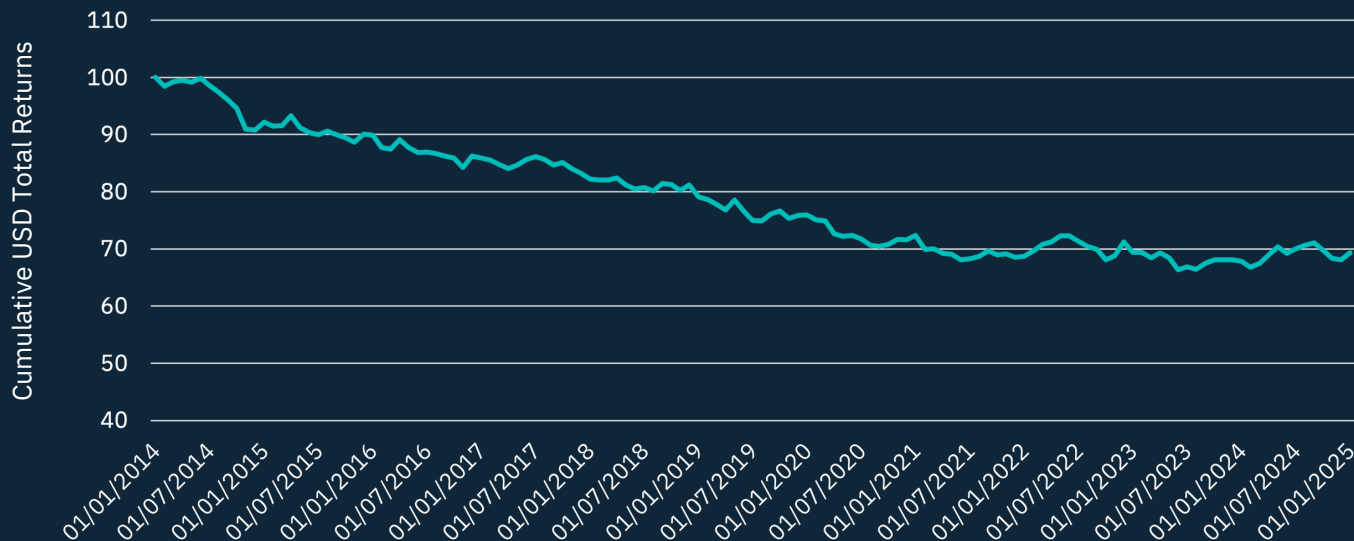
HIGH V LOW BOARD INDEPENDENCE
Percentage of independent board members.

Y-axis: Cumulative USD Total Returns (90 to 180)

X-axis: 01/01/2014 to 01/01/2025

Governance Factor Returns

Please see methodology page and disclaimer for more information.

LOW V HIGH EXECUTIVE PAY RATIO
Ratio of executive level pay to average employee pay.

Find out more

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impact cubed

Member of the
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