



ESG Investing

Sustainable Commodities Investing

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Investors seeking to incorporate sustainability considerations into their commodities portfolios may have a variety of ESG objectives. In many ways, assessing which commodities are sustainable is the easy part. Reasonable approaches often take a cradle-to-grave perspective that considers both production and utilization.

The more difficult part is identifying what investment action in commodities will achieve an ESG goal. Objectives seeking to avoid association with less sustainable commodities clearly call for a no-touch investment policy. The same is true for seeking to avoid influencing prices of “sensitive” commodities (e.g., food-related ones), or giving the appearance of such price influence.

In contrast, few if any investment approaches in commodities effectively, let alone coherently, align with the ESG goal of somehow changing commodities supply and demand in the name of sustainability. At the very least, most commodities investment approaches that come close actually raise more questions than they answer. However, all is not lost with such a goal. The corresponding investor may be better able to tackle this objective in corporate securities markets, by seeking to influence the cost of capital of specific, corporate commodities producers and consumers.

Read more of our ESG research [here](#).

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