



Ch. 12: Money

In this section, we cover eco-friendly finances, from spending habits, to donating, choosing clean banks, and impact investments.

BY PERMACRAFTERS

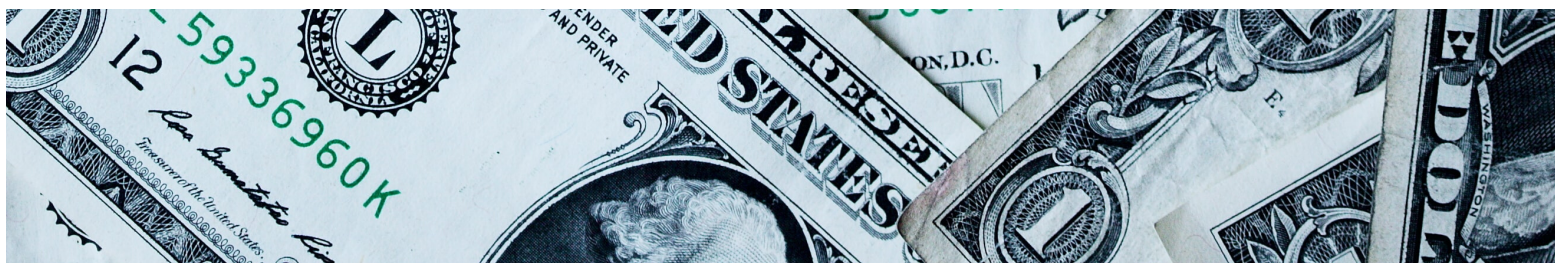


Table of Contents

Spending Habits

Donating

Banking & Investment

Spending Habits

BY PERMACRAFTERS

The places we direct our money towards are a way of voting. We don't always have a choice as to how we spend our money. The more money we have, the more flexibility we have in terms of where we want to see our money go. If we're living in poverty, we may not be able to afford local organic produce over conventional processed food. If we're working a job that has no public transportation options to get there, we may have to support cars over buses. However, when we do have a say, and when it's within our reach to put our money towards something that makes our world a healthier place for everyone, then I think we absolutely should do that.



Buying Less

In this course, we are big advocates of buying less: of buying what you need and what you'll actually use. In our home here in Switzerland and in our life, we probably don't check all the boxes to be defined under the label of minimalists, but we definitely use minimalism as a guide to how we choose what items we bring into our home and keep in our home. Instead of collecting items in our home, we love the idea of sharing resources with people in our

community, by borrowing tools we don't use often and donating or selling items we no longer have use for.



Source: [La Manivelle](#) (Library of Tools in Geneva, Switzerland)

Buying secondhand

We have been thriving off of the waste stream for years and have had close to no need to buy things new, other than things like toothbrushes, toothpaste, and so on. Whenever you possibly can, acquire existing items over new ones. Secondhand items are way more likely to be within your budget, and with very few exceptions, there's nothing better ecologically speaking than giving a new life to items that already existed rather than buying new items – even if the new items were made responsibly. Of course, please buy secondhand within reason. Don't go buying dangerous antiques containing lead or recalled baby toys or helmets or baby car seats that might have been in a crash. But acquire your clothes, your appliances, your electronics, your vehicles, your food, your decorations, your furniture secondhand. To me, this is one of the single best things you can do for the environment.



**Are you ready to
minimize your
environmental impact by
adopting a secondhand
lifestyle?**

Secondhand Living Online Course

Click [here](#) to learn more!

Purchasing new items sustainably & ethically

If you're looking into buying new items over existing items, try to support businesses that are environmentally responsible and that pay their workers fair wages. When you're supporting these types of companies, it's likely going to cost more because it's reflecting the true cost of the item. The cost can be higher for various reasons – maybe because of the cost of fair salaries, maybe because there are no government subsidies to keep costs lower, maybe because there are ecological practices in place that cost more, like carbon offsetting or composting. If you do not have the budget to support this, especially if you've already changed your habits to buy less and to buy secondhand, then don't worry about not being able to purchase from these places. You're just doing the best you can based on your situation. You can still support these businesses just by getting the word out for them. But if you can afford it, supporting responsible companies is a wonderful choice for the environment and for people. When people know they will be supported by starting a small eco-friendly business, and that they can count on people to choose them over not-so-green-big-businesses, it gives them more motivation to move forward with their business idea. It motivates people to step into self-created jobs that make sense environmentally and ethically. Less people feel like their only choice is to take a job at a company that is wrecking the environment.

“ The cost can be higher for various reasons – maybe because of the cost of fair salaries, maybe because there are no government subsidies to keep costs lower, maybe because there are ecological practices in place that cost more, like carbon offsetting or composting. ”



Donating

The following financial information is for educational purposes only. It is not intended as financial advice for your particular situation.

Growing up, it was drilled into my head that whenever possible, I should donate my time and my money, however little. But how much should you be donating? Well, there are lots of different recommendations out there, and it depends not only on your income, but also on your wealth. Let's start with income.

Percentage of Income

Generally, it's recommended to donate between 1 and 10% of your pre-tax income. The higher your income and the more comfortable you are, the closer to 10% that can be. If you're living below the poverty line or living paycheck to paycheck, I would recommend securing your needs before even considering to donate. Don't donate 1% if it means you won't be able to pay your bills. Let's say your income is \$40,000 a year and you are in a comfortable financial situation. In this case, you could decide to donate 1% of this income, which is \$400 or about \$33 a month. If your income is \$100,000 a year, you could decide to donate up to 10% of this income, which is \$10,000 or \$833 a month. Again, it's up to you to figure out what makes sense to you based on what your expenses are.

“ Generally, it's recommended to donate between 1 and 10% of your pre-tax income. The higher your income and the more comfortable you are, the closer to 10% that can be. ”

Percentage of your Fortune

If you're a very wealthy individual, you might want to consider donating more than just 1-10% of your income. The following example is far from perfect, but the point is to get a general idea as to why you might want to consider donating a percentage of your fortune in addition to a percentage of your income. Let's take fictional character Beff Jezos who is the CEO of a major company called Zamagon. Let's say he is worth \$160 billion. That money is invested and let's be extremely conservative and say he only makes on average a 4% income on that (I



can see investment bankers cringing at this oversimplified example, but bear with me). His income will be \$6.4 billion. And if he gives away 1-10% of that income, it equates to a \$64 million to \$640 million donation. In 2018, he donated 131 million which is a little over 2% of his income. He's falling within the income donation guidelines, that's awesome right? Well, people aren't calling him generous because he only donated 0.08% of his total fortune. So if you have \$50,000 in savings in the bank, that's like donating \$40 a year.

On the other hand, you have fictional characters Gill Bates and Boren Wuffet who are praised for giving away 3-4% of their fortune every year. That would be like Beff Jezos donating \$4,8 to \$6,4 billion a year instead of just \$131 million, which, according to my previous extremely conservative estimate would be 75 to 100% of his income. I can't give exact guidelines on how much of your fortune you should donate every year, but the whole point of this example is to bring up the fact that when you are extremely wealthy, you can start considering doing more than just donating a percentage of your income.

If you're very wealthy, how do you donate more without chipping away at your fortune? Well, if your income is \$6.4 billion, but you only really need \$100,000 to be comfortable that year, then you could donate the rest of your income from that year. You'll get to keep your \$160 billion. You won't lose any money and you still have a gargantuan safety net in case you get a nose bleed that needs medical attention.

Starting a Foundation or Donor Advised Fund

In fact, if you do have a lot of wealth, you can consider starting a foundation or a donor advised fund. You can hire help to figure out how to best use the funds to strategically support issues that you hold close to your heart.



Banking & Investment

Dirty Banking

If you are making a ton of changes to support environmental protection, you'll want to make sure that your money you have sitting at your bank isn't funding the destruction of everything you're fighting for. Unless you have specific investments with a portfolio manager and all that jazz where you can choose what your money finances, then the money you have in the bank isn't actually just sitting idly by. If I have 1,000 euros in a bank account and I'm not investing it in anything, then 90 to 97% of my money is actually traveling all over the place. My bank is sending my deposits left and right instead of letting them just sit idly in that bank account. That's how banks make money. That means that my money has a carbon footprint that varies depending on how the bank is deciding the lend that money. Everything is computerized, and my money is actually being taken by the bank to finance the bank's projects, without specifically telling me what those projects are and without me having any control over it. Banks can loan out a majority of their resources. Depending on the country, they have to keep at least 3-10% of their clients' deposits. If you put in 1,000 Euros in your bank account, they are allowed to lend out at least 900 Euros, which are spent on buying goods and services which you have no control over if you're at a normal bank.

“ If I have 1,000 Euros in a bank account and I'm not investing it in anything, then 90 to 97% of my money is actually traveling all over the place. ”

The overwhelming majority of banks are not transparent – you can't find out easily who they are giving out loans to. We'll talk later about a few banks that do decide to be transparent. So where are banks putting our money exactly? What's happening to my 1,000 Euros? When you put your money in the bank, the bank lends that money to finance the local economy, but also multinationals, States and other banks. They want to choose projects that are profitable and reliable for them. So, they finance coal, gas and oil as well as insurances that are insuring the coal, gas and oil projects.

“ When you put your money in the bank, the bank lends that money to finance the local economy, but also multinationals, States and other banks. They want to choose projects that are profitable and reliable for them. So, they finance coal, gas and oil as well as insurances that are insuring the coal, gas and oil projects. ”

French Mega-Banks

According to On Est Prêt, French banks finance 10 times more fossil fuel energy projects than renewable energy projects. A 2018 Prudential Regulation Authority review shows that 70% of banks realize climate change poses financial risks, but only 10% of banks manage these risks with a comprehensive long-term view (49). A recent article from November 2019 talked about the addiction of French banks to fossil fuels (50). Oxfam and Friends of the Earth (Les Amis de la Terre) denounced the colossal carbon footprint of French banks. The report states that “In 2018, greenhouse gas emissions coming from financing activities in the fossil fuel sector of the 4 main French banks (BNP Paribas, Crédit Agricole, Société Générale and BPCE) reached 2 billion tons of CO₂, which is 4 to 5 times the emissions of France. BNP is the bank that supports the most polluting projects, followed by Crédit Agricole. This was through loans to fossil fuel projects and investments in shares in companies like Total.”

“In 2018, greenhouse gas emissions coming from financing activities in the fossil fuel sector of the 4 main French banks (BNP Paribas, Crédit Agricole, Société Générale and BPCE) reached 2 billion tons of CO₂, which is 4 to 5 times the emissions of France. BNP is the bank that supports the most polluting projects, followed by Crédit Agricole. This was through loans to fossil fuel projects and investments in shares in companies like Total.” ”



French banks are supporting projects for fossil fuels, nuclear energy, and large dams abroad. They don't loan money to French projects in France that are dirty like this because of the legal risk and risks for their reputation. Instead, they take advantage of weaker environmental legislation in countries abroad. BNP Paribas, for example, is investing in oil sands in Canada, natural gas projects in Papua New Guinea, a petroleum project in Russia, shale gas producers like Total, coal projects in South Africa, a coal plant in Turkey, another coal project in India that the local communities were actually against, and the giant RWE Germany coal group which is the top European polluter in the private sector.

In fact, Swiss banks UBS and Crédit Suisse are also funding this project. The three of them invested about 2.4 billion Euros in this RWE between 2016 and 2018 and try to keep these investments hush hush. The crazy thing is that that BNP Paribas calls itself a responsible bank that supports the fight against climate change. I wish it was the only French bank that was this bad, but Société Générale and Crédit Agricole also invest in the same sorts of terrible projects. I used French banks as an example here, but banks around the world aren't any better.



What's happening with Germany's coal phase-out?,
Martin Kaiser, 29 January, 2019, [URL](#)

*RWE Coal Power Plant Niederaussem in
Germany. Photo: Greenpeace*



Pollution From Canadian Oil Sands Vapor Is
Substantial, Study Finds, Bylan Austen, May 25,
2016, [URL](#)

*An oil sands strip mine, north of Fort McMurray,
Alberta. Photo credit: Ian Willms for The New
York*

US Mega-Banks



What exactly are US mega-banks lending money to? In 2010, the Rainforest Action Network showed that US and Canadian banks like Bank of America, Citi, JP Morgan Chase, and RBC were financing tar sand extraction projects. Citigroup and Merrill Lynch were found to have financed the Three Gorges Dam in China that destroyed wetlands, and displaced 1.4 million people. In 2012, a coal finance report came out by the Rainforest Action Network, the Sierra club, and Bank Track called Dirty Money: U.S. Banks at the bottom of the class. This report ranks the top financiers of mountaintop removal coal mining and coal-fired power plants.

Mountaintop removal mining is when the tops of mountains are literally blown off to find coal. This practice has destroyed about 1.4 million acres of forests and mountaintops. And the top banks responsible for this in 2012 were Bank of America, JP Morgan Chase, Citi, Morgan Stanley and Wells Fargo were the Filthy Five (51).

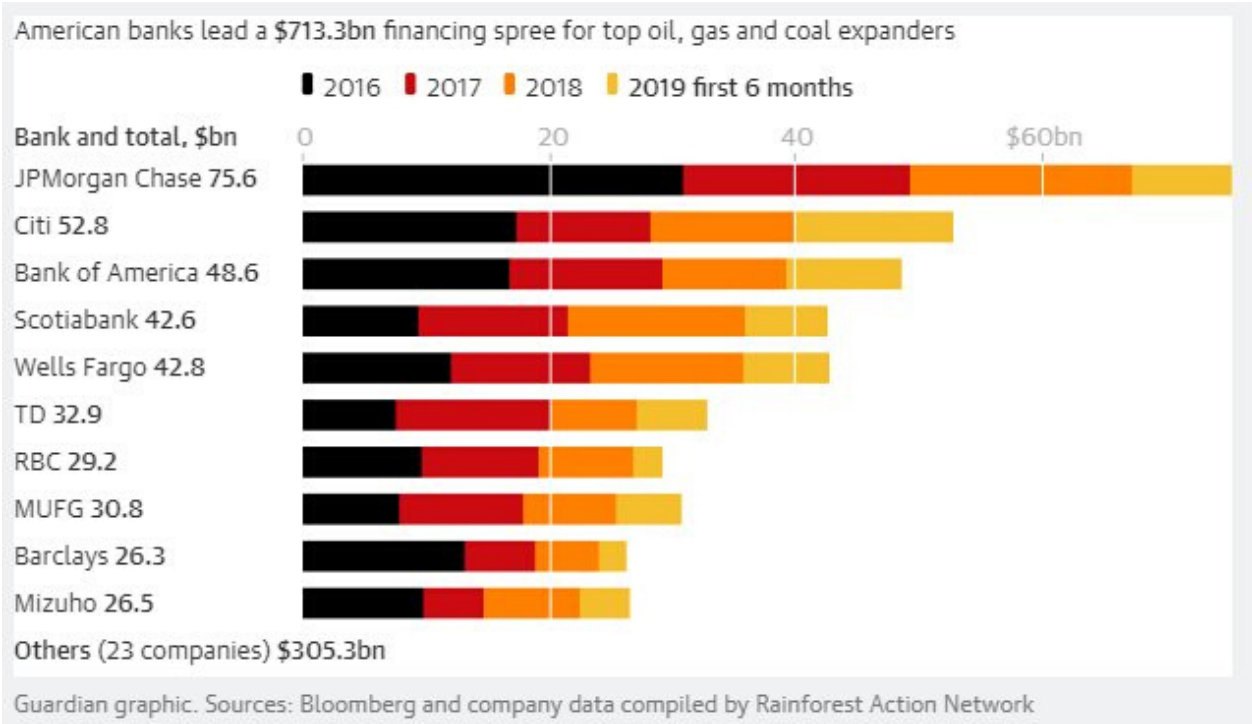
"Mountaintop removal mining devastates the landscape, turning areas that should be lush with forests and wildlife into barren moonscapes. Huge machines, called "draglines," push rock and dirt into nearby streams and valleys, forever burying waterways. The massive dragline in the photo, which can weigh up to 12 million pounds and be as big as an entire city block, is dwarfed by the scale of this

Photo credit: OVEC // Source: What is Mountaintop Removal Mining? by Earthjustice. [URL](#)

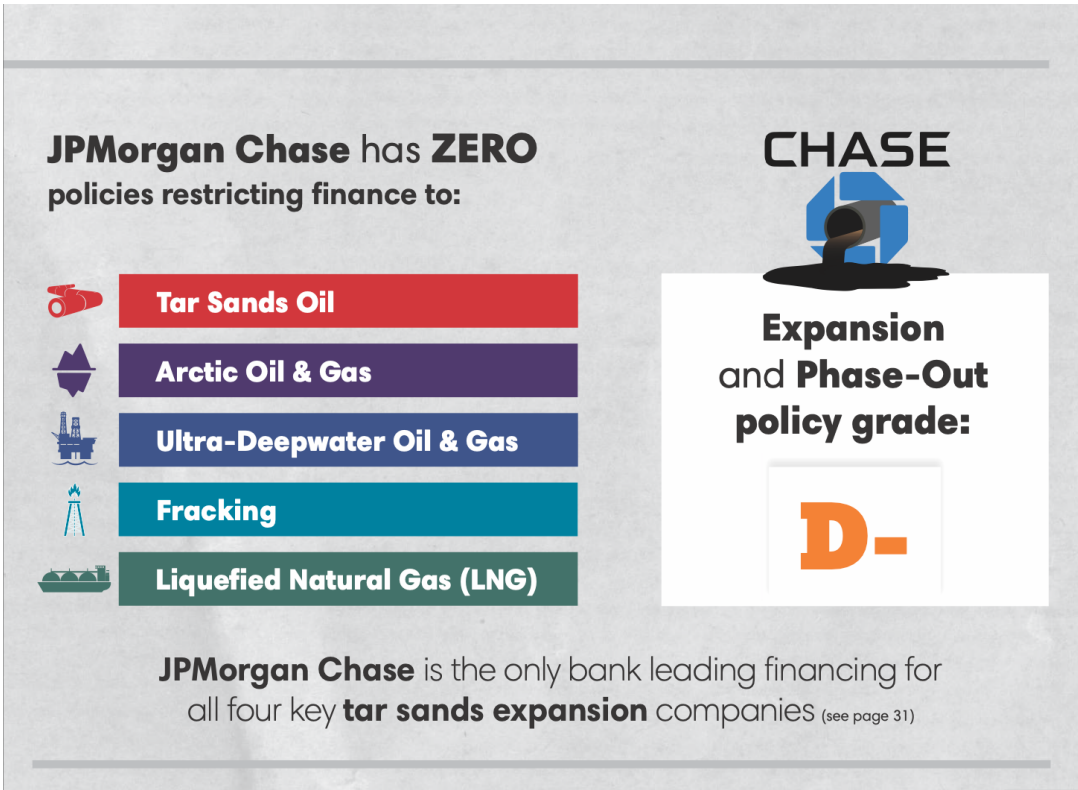


According to an October 2019 analysis by the Rainforest Action Network, which studied Bloomberg financial data and company disclosures that are publicly available, the world's top investments banks gave the fossil fuel industry over \$700 billion between the 2016 Paris Agreement on climate change and mid-2019. The top banks financing fossil fuels are JPMorgan Chase, Citigroup, Bank of America and Wells Fargo. Their billions are funneled into coal-mining operations, oil and gas companies, fracking firms and pipeline companies (52). JPMorgan Chase in particular has provided \$74 billion to fossil fuel companies working on fracking projects and Arctic oil and gas exploration. Fracking has also received \$80 billion in financing in 3 years from JPMorgan Chase, Bank of America and Wells Fargo, with much of it going into Texas fracking projects. These numbers are updates since the April report called Banking on Climate Change.

“ According to an October 2019 analysis by the Rainforest Action Network, which studied Bloomberg financial data and company disclosures that are publicly available, the world's top investments banks gave the fossil fuel industry over \$700 billion between the 2016 Paris Agreement on climate change and mid-2019. The top banks financing fossil fuels are JPMorgan Chase, Citigroup, Bank of America and Wells Fargo. ”



Graphic Source: Bloomberg and company data compiled by Rainforest Action Network. Source: Top investment banks provide billions to expand fossil fuel industry, Patrick Greenfield, 13 October 2019, [URL](#) accessed on February 17, 2020.

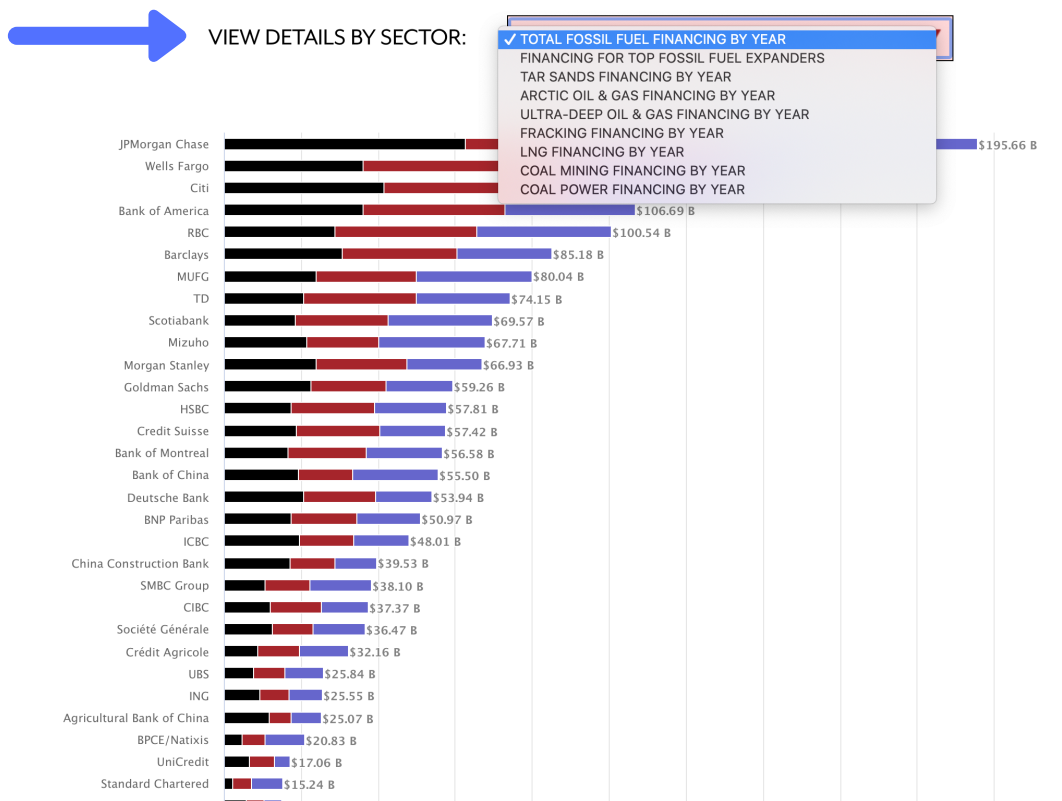


Source: Screenshot of Banking on Climate Change, FOSSIL FUEL FINANCE REPORT CARD2019, by Rainforest Action Network. Full report [here](#).

Banks around the world

If you step back and look at the international picture, between 2016 and 2019 alone, 33 banks financed \$1.9 trillion in fossil fuel projects. In 2019, the Rainforest Action Network released a document called Banking on Climate Change that is well worth a read (53). They made a great website where you can view by section which bank is funding what. You can see who is financing fracking efforts, Arctic oil and gas, total fossil fuel financing, and so on (54). This is the same graph as you can find on Fossilbanks.org, which is another great resource.

“...between 2016 and 2019 alone, 33 banks financed \$1.9 trillion in fossil fuel projects.”



Source: Fossil Fuel by sector by Rainforest Action Network. Check it out [here](#).

Barclays, the UK bank, is beginning to decrease its financing to the fossil fuel industry. In 2016, it provided \$13.1 billion to fossil fuels, whereas in 2018, it was \$5.2 billion. Even more good news, in January of 2020, Barclays shareholders have challenged the mega bank to divest from fossil fuels that are accelerating the climate crisis. These shareholders represent 11 pension funds that manage £130 billion. It's the first resolution of its kind to be filed against a European bank, and it will be voted on in May 2020 (55).

“ Barclays, the UK bank, is beginning to decrease its financing to the fossil fuel industry. In 2016, it provided \$13.1 billion to fossil fuels, whereas in 2018, it was \$5.2 billion. ”

Carbon Footprint of Banks

I briefly mentioned the fact that your carbon footprint is influenced by the bank you choose to put your money in. There's actually a calculator that was put together by various French nonprofits where you can plug in the money you have with which banks and if you have any specific investments and so on. Based on that, they will calculate your carbon footprint. I can't say that the numbers were legitimate because they seemed quite skewed. Regardless, this pressure on banks to be more transparent about the climate impact of their loans and the pressure to meet the Paris Climate Agreement goals is working. In September 2019, over 50 banks and financial institutions that represent \$3 trillion in assets said that they would assess and disclose the carbon footprint of their loans and investments through the Partnership for Carbon Accounting Financials. It would be a monumental change to be able to know the carbon footprint of your bank. So far, Dutch banks have tracked the climate impact of their investments and loans and found that residential mortgages were one of areas of highest carbon footprint. So they began promoting mortgages with incentives for energy efficiency, which is incredibly exciting.

“ In September 2019, over 50 banks and financial institutions that represent \$3 trillion in assets said that they would assess and disclose the carbon footprint of their loans and investments through the Partnership for Carbon Accounting Financials. ”

Clean Alternatives

If you want to get your money out of dirty banks, there are options! Banks can't keep investing in fossil fuels and a destructive economy if we divest by changing to socially and environmentally responsible alternatives. I mentioned earlier that according to the Green America nonprofit, the divestment movement has removed \$9.94 trillion from fossil fuel companies thanks to the divestment of institutions, and another \$5.2 billion thanks to the divestment of 58,000 individuals like you and me.

We can switch banks to choose one that's more responsible or invest our money in projects that make sense socially and environmentally. Since in most places it's not possible to receive social security or even get a job unless you have a proper bank account, let's start with cleaner banks.

“ ...according to the Green America nonprofit, the divestment movement has removed \$9.94 trillion from fossil fuel companies thanks to the divestment of institutions, and another \$5.2 billion thanks to the divestment of 58,000 individuals like you and me. ”

Clean Banks

Anthroposophical bank



Picture source: Freie Gemeinschaftsbank Website

They give to schools and kindergartens, healing education and social therapy, organic farming, community centers and retirement homes, ecological projects, restaurants, cultural and artistic initiatives, and community housing. I just love how transparent they are. It's also possible to directly invest in specific projects if you have at least 100,000 CHF to invest with them.

You can search to see if you have an anthroposophical bank near you as well.

During a tour of the town of Basel given by Zero Waste Basel, we visited the anthroposophical bank here in Basel called the Free Community Bank (Freie Gemeinschaftsbank). The bank follows a philosophy founded by Rudolf Steiner by which they seek to use mainly natural means to optimize physical & mental health and wellbeing. So when you put your money in their bank, even if it's just a small amount of money, they borrow it to place it in loans for community projects for 3 to 5 years that are in line with their philosophy. And you get a small interest from these projects. They have a full list of loans in their annual report so that you can see exactly what your money is supporting.

Cleaner French Banks

In France, La Nef and the Crédit Coopératif work with the local economy through community financing and they are not involved in any big controversial projects. They are a transparent bank so you know who they give out loans to. If you're just looking for a place to store your money without specific investments, these types of banks are a great alternative.



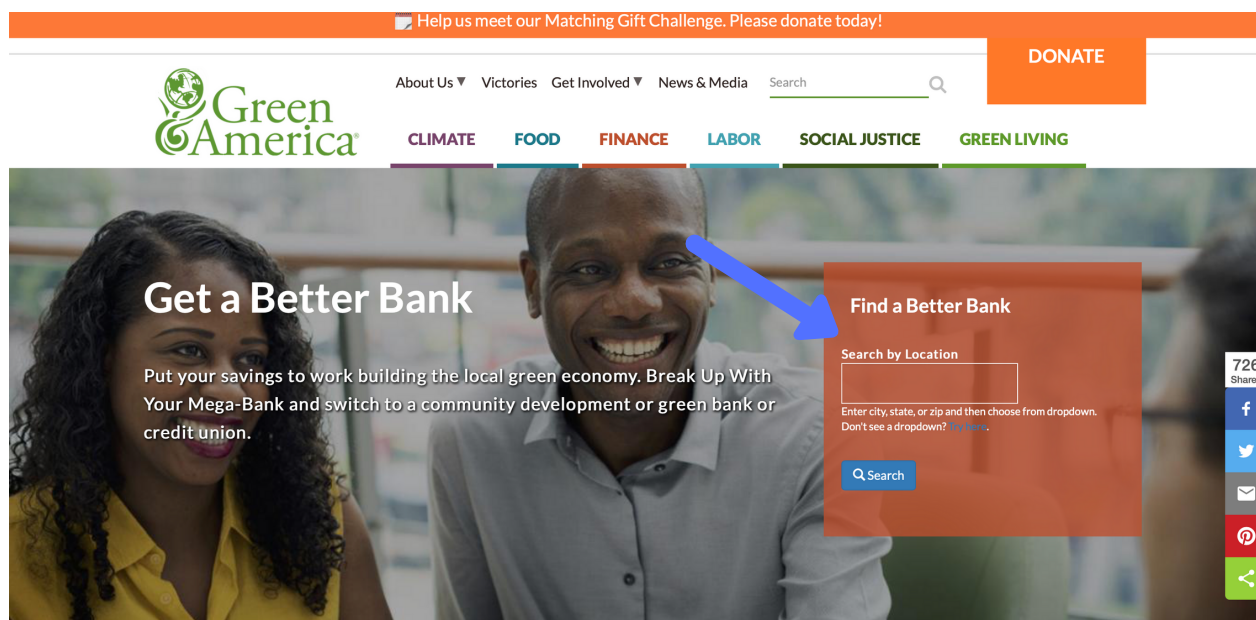
Credit Unions



Another option is to look into credit unions. Although even with credit unions, you won't necessarily know exactly how they are lending your money and if they're doing so in way that sits right with you. Not all credit unions are created equal, so you can do your homework on them. If you don't know what a credit union is, it's different from a bank because it's a nonprofit where you become a member and part owner. It's a member-owned financial cooperative. You can still make deposits, get loans, and other financial services, but you know that the Credit Union is there to serve you and other members of your community, and you actually have a say in how things are run.

There are a few disadvantages to credit unions. The membership fee is \$5 to \$25, and since credit unions are smaller than banks, you'll likely have less options in terms of branch locations and ATMs. You'll also want to see if your credit union is insured by the government – most are, but some aren't. Another difference is that credit unions don't quite match banks in terms of services, so if you want to take out a giant loan for your big business, they might not be the right fit for you. And finally, not all credit unions have options for things like banking apps or mobile deposits, although I'm sure that will change as time goes on. But if these things aren't a problem for you, then they're a great alternative to big banks.

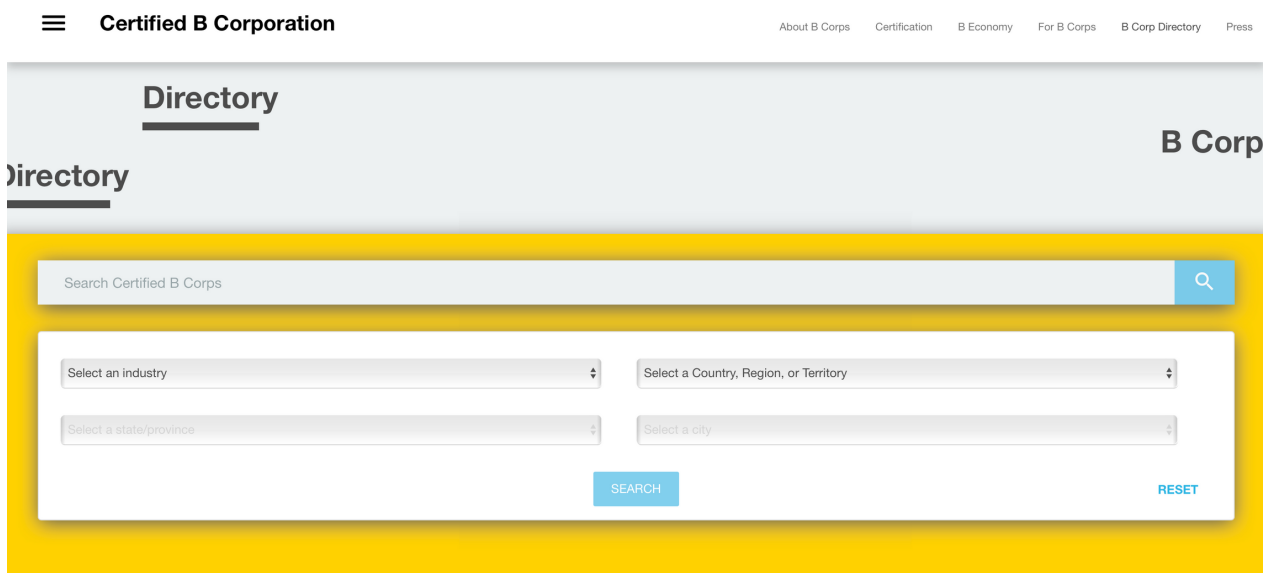
GreenAmerica.Org has a wonderful directory listing to help you find a better financial institution, be it a credit union or a bank.. You just plug in your location and see what pops up. Green America is a nonprofit that supports social justice and environmental sustainability, and they provide great resources in terms of cleaning your banking. In addition to their lists of greener US banks and credit unions, they also list socially-responsible investing financial advisors, green mutual fund companies, green money managers, green checks and credit cards – and you can find all this on GreenPages.org (57).



Source: Screenshot of GreenAmerica's website. Click [here](#) to search for a bank on Green America's website.

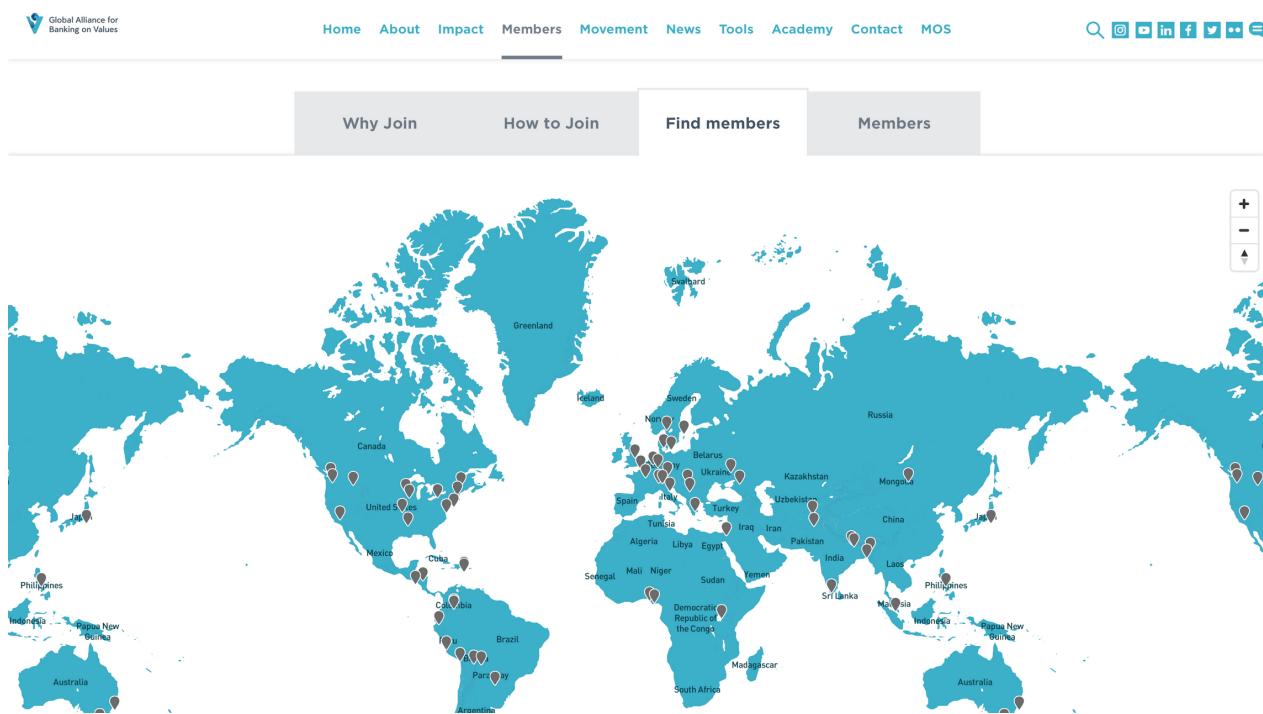
B-Corp or Values-Based Financial Institutions

Another option is looking for B-corp or values-based financial institutions. Around the world, banks that are committed to improving social and environmental issues can become a B-corp or a member of the Global Alliance for Banking on Values. A certified B corporation is a for-profit business that meets the highest standards of verified social and environmental performance, public transparency, and legal accountability. B-corps often use renewable energy in their buildings. Search the B Corporation directory for banks to see if there's one in your area. Otherwise, you can look for financial institutions that are a member of the Global Alliance for Banking on Values. There are banks, banking cooperatives, credit unions, micro finance institutions and development banks around the world who are members and collectively serve 50 million customers. These banks support people, planet and profit, make community investments, have transparent business practices, and focus on sustainability. On the Global Alliance for Banking on Values website you can find a map to see where the member banks are to see if you could join one. We'll also leave a list of banks for you to check out in your workbook (58).




The screenshot shows the 'Certified B Corporation' website's directory search page. The header includes a hamburger menu icon, the text 'Certified B Corporation', and a navigation bar with links: 'About B Corps', 'Certification', 'B Economy', 'For B Corps', 'B Corp Directory', and 'Press'. The main content area has a 'Directory' heading and a 'B Corp' logo. Below this is a search bar with the placeholder text 'Search Certified B Corps' and a magnifying glass icon. Under the search bar are four dropdown menus: 'Select an industry', 'Select a Country, Region, or Territory', 'Select a state/province', and 'Select a city'. At the bottom of the search area are two buttons: 'SEARCH' and 'RESET'.

Source: Screenshot of Certified B Corporation's website. Click [here](#) to search for a certified B corporation.



Source: Screenshot of Global Alliance for Making on Values' website. Click [here](#) to see the map where the member banks are to see if you could join one.

Otherwise, you can look into community development financial institutions or banks that are part of the CDFI Fund. They don't necessarily invest in environmental projects, but in projects that focus on social issues. You can find the list of certified CDFIs on their website (59).




U.S. DEPARTMENT OF THE TREASURY
COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND

[CONTACT](#) | [TOOLS & RESOURCES](#) | [SUBSCRIBE](#) | [SIGN IN](#)

[ABOUT](#) | [PROGRAMS & TRAINING](#) | [RESEARCH & DATA](#) | [AWARDS](#) | [IMPACT BLOG](#) | [NEWS & EVENTS](#)

[Home](#) » [Programs & Training](#) » [Certification](#) » CDFI

CDFI CERTIFICATION



CDFI Certification

CDFI Certification is your gateway to the CDFI community, a network of mission-driven institutions that serve and empower economically distressed communities. This translates into real change for the communities and people who need it most.

- There are Certified CDFIs in all 50 states, the District of Columbia, Guam, and

OPENING DATE
Rolling Applications

DEADLINE
Rolling Deadlines

Source: CDFI Fund's website. Click [here](#) to look into community development financial institutions or banks that are part of the CDFI Fund.

Sustainable Investment Funds



© Claire Robert

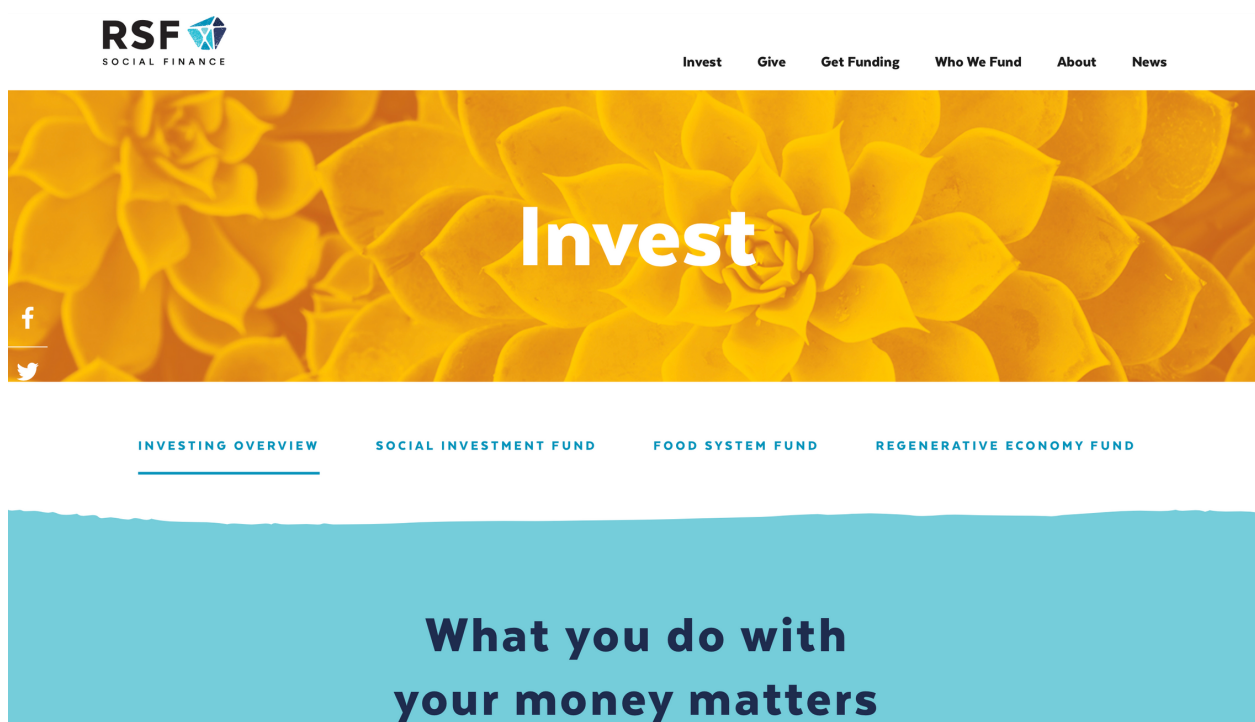
Picture source: Terre de Liens website.

Graphic credit: Claire Robert

Another alternative to banks are ethical community investment funds. The money we keep in the bank can without much effort be reoriented into projects that facilitate a sustainable transition. If you have a bank account in France, you could move that money to Terre de Liens for example, so that your savings support small farmers. You can become a shareholder at Terre de Liens by putting your savings with them. You purchase shares and your savings start supporting your community. The funds placed with them are invested in buying land and farms to support producers who are growing organic food on a smaller scale. Your savings basically help revive the countryside. You can decide which farm or which region to support, or you can let them decide for you. It's an incredible alternative, and my understanding is that there are tax benefits from investing there as well.

Otherwise, there's the Sustainable Investment Fund through RSF in the States. Investors know exactly what their money is supporting – they know the exact organizations, and they get a small financial return of 1% on their investment that's comparable to a bank certificate of deposit. They get to support social enterprises that are tackling the planet's most pressing issues. And those who borrow the money know that the loans come from investors who have similar values and want them to be successful. The interest rate is determined by all participants during gatherings every 3 months. Instead of having your money at a bank, your money could be supporting Eureka Recycling, which is a recycling company that emphasizes zero waste principles by running educational events to prevent waste.

Personally, I would rather support that then funnel my money into projects that are destroying the environment. When you invest your money here you could also be supporting organizations like Farmer Foodshare. We interviewed Gini Bell from this nonprofit about how they support local farmers and bring their food to children who need food. If you want to join them RSF, it's just \$1,000 to open an account to invest in their Social Investment Fund.



Source: Screenshot of Global Alliance for Making on Values Website's. Clic [here](#) to see the map where the member banks are to see if you could join one.

Otherwise, there are 2 other French options I want to mention. Energie Partagée, where you invest your money in a fund that supports the creation of renewable energy centers in France. Or Blue Bees where the investments are riskier and you get to support sustainable agriculture projects and even zero waste shops in the making!

Of course, you can diversify your portfolio to make sure that your money is supporting things you care about and that it's also bringing in the returns that you need.

Impact Investments

The following financial information is for educational purposes only. It is not intended as financial advice for your particular situation.

If we're talking about investing big bucks, then this next section is for you as we're about to dive into impact investments. To learn more about all of this, I spoke with two environmental foundations about where they invest their money and two wealthy human rights activists about where they invest theirs.

If you are just getting started with socially responsible investments, you could interview various certified financial planners and investment advisors that specialize in this field. Or if you have the time and the money, you could go to a conference like the SRI Conference. You get to meet financial advisors, asset owners, asset managers, forward-thinking companies, mission-driven organizations, entrepreneurs, and others who are all in the field of sustainable, responsible and impact investing. Of course, I'm sure you'll have to have your greenwashing alarm system locked and loaded, but with enough practice and digging, you may find some gems.

When you hire a financial planner to help with sustainable investments or socially responsible investments, the idea is that you are using your money to not only grow your own wealth, but also to build environmental solutions, help local economies, and honor human rights. So instead of getting richer by investing in fossil fuels or cigarettes, you invest in things that make the world a better place. In many cases, the return rates are the same as in

classic portfolios, because the investments are smart. It's surprising that not more people are switching to impact investments: they are the right thing to do, and the return rates are comparable for the most part. Return rates will be presented very transparently to you, so you know what you're getting into. In some cases, with projects that are very impactful, the return rate won't be as good as stock return – but you'll know what the trends are in advance. Like with RSF, they offer investment options for wealthy individuals and foundations, and the return is comparable to a bank certificate of deposit of around 1%. If you really like something like RSF, and if you can afford it, consider doing it, at least for part of your portfolio. Especially if you are running a foundation, but more on this later.

“ When you hire a financial planner to help with sustainable investments or socially responsible investments, the idea is that you are using your money to not only grow your own wealth, but also to build environmental solutions, help local economies, and honor human rights ”

When you invest in impact investments, each money manager you work with should have an ESG criteria which stands for environmental social governance. Basically, this is so that you can be sure you're investing in companies that understand the limits of the planet and decide to either minimize their environmental impact or build environmental solutions. These companies also work under ethical supply chains, fair treatment of employees, with regard to the communities they may impact, and so on. If you wanted to, you could go beyond this basic ESG screening for companies to invest in. Some financial planning firms actually choose companies that have a money manager that not only screens for ESG but that is also actively working on this inside of these companies for positive social change.

“ When you invest in impact investments, each money manager you work with should have an ESG criteria which stands for environmental social governance.”

You don't need to invest in Wall Street investments. You can put your money into community investments or other private placement investments. It's closer to home and you can see the social impact better. Some of these investments are often predictable and steady, while others are not so predictable and are more along the lines of "let's hope for the best and if it fails then it was a good donation towards my community" type of thing.

Foundations

Foundations are there to support the community through grants. If a foundation has 20 million dollars, and you spend 5% of that on donations every year, you're donating 1 million dollars a year to projects that are making the world a better place. Awesome. But what's the rest of the 20 million doing? A foundation, just like wealthy individuals, invests its money so that it can grow every year. Otherwise, foundations would be spent down and disappear. So, if that 20 million is invested in projects that fund fossil fuels or generally the destruction of the planet just to get an incredible return rate every year, then really what good is a foundation? You spend 20 million a year destroying the planet, but then whip out a magical 1 million to save it? That sounds like madness. If foundations are not investing their money in socially responsible investments, perhaps they should rethink their mission. I don't see how you can justify investing in companies that are responsible for mining and deforestation just to get higher returns to then invest that money back into positive community projects. It doesn't add up.

As a foundation, you can take more liberties and risks with your money. Of course, your portfolio should be diversified and it shouldn't all be invested in the riskiest of projects, but nobody will go hungry if some investments fail. Any investments that do fail can be seen as a donation. If \$100,000 of your \$20 million portfolio was invested in a small farms project that ended up tanking, see it as a donation. It's just as risky as your 100k grant to the 501(c)(3) project you gave last year and you were fully willing to take the gamble then since you weren't expecting a return. So if you're a foundation and you're not investing in socially responsible investments, get your board to think again.

As a foundation, you could be investing part of your portfolio in RSF's regenerative economy fund to support organizations working in clean energy, sustainable manufacturing or diverting waste... or you could invest in their food system transformation fund to support organizations that work on improving food and agriculture supply chains that help health outcomes and boost local economies. These are just a few ideas to get started.

I wanted to give an example of a foundation that is doing things beautifully. Jennifer Astone who is the Executive Director of the Swift Foundation explained how they have shifted their investments towards climate solutions and supporting indigenous people. They have \$10 million placed in highly mission-aligned investments, and they also have investments that include funds, direct investments and angel investments. It's an amazing case study in case you want an example of a foundation doing impact investments beautifully.



"Regenerative Land Stewardship & Protecting Biocultural Diversity. This program supports organizations working to restore diverse ecosystems and agricultural landscapes, and organizations working to protect and revitalize biological and cultural diversity." Click [here](#) to learn more about the Swift Foundation's programs.

Credit Cards



We discussed banking in general, but we didn't yet touch upon credit cards. When you use a credit card from a mega-bank, you're funding that bank through your annual fees, balance transfer fees, late fees, fees that the merchants have to pay, and interest you pay on your card balance. The mega-bank takes this money to give loans, often to support fossil fuel projects or other projects that emit large amounts of greenhouse gases. If you choose a credit card that has no annual fees, and you make sure to pay your card off every month to avoid overdraft fees, and you skip the balance transfer fees, then the only amount of money you'd be sending to the mega-bank is the fees that the merchants have to

pay. However, you can choose a clean credit card from a community development bank or a credit union. Then you'll know any fees are supporting community projects, and sustainable projects at that if you went with a particularly good credit union.

“ If you choose a credit card that has no annual fees, and you make sure to pay your card off every month to avoid overdraft fees, and you skip the balance transfer fees, then the only amount of money you'd be sending to the mega-bank is the fees that the merchants have to pay. ”

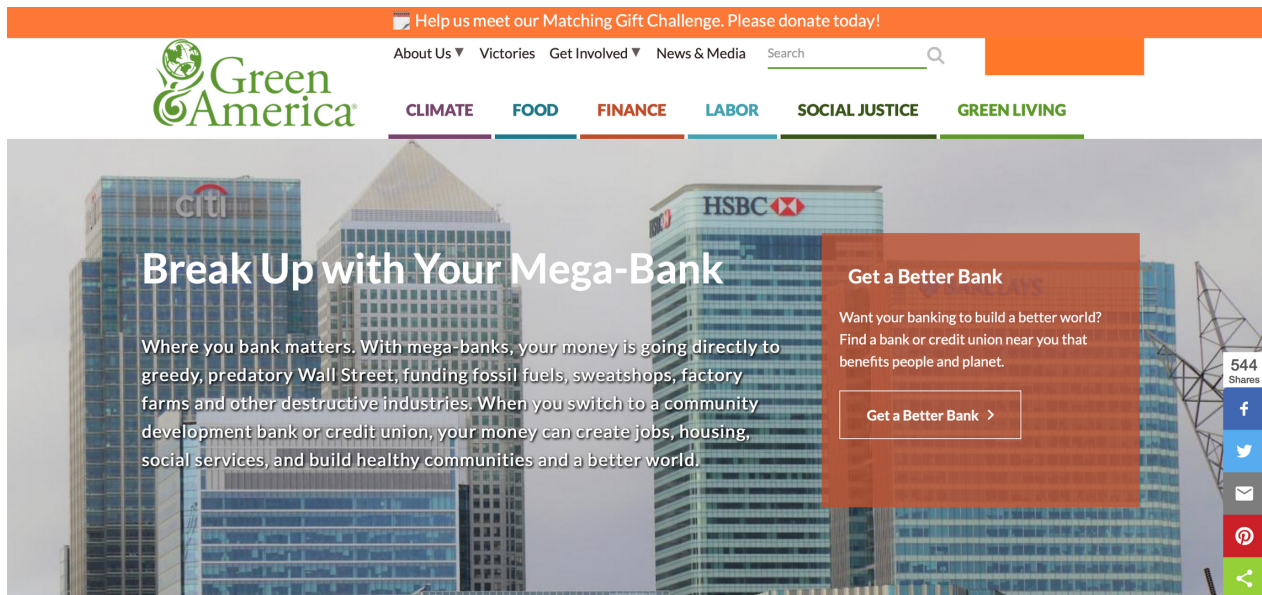
Affinity cards

You might have seen your favorite nonprofit offer affinity credit cards, where you can support them with every purchase you make. According to Bankrate.com, the bank that issued your credit card donates on average half a penny (\$0.005) for every dollar you spend. So if you spend \$100, they donate 50 cents. The concern is, the issuing banks of affinity credit cards are often mega-banks. So, any fees you get on that card are still supporting the mega-bank.

“ The concern is, the issuing banks of affinity credit cards are often mega-banks. So, any fees you get on that card are still supporting the mega-bank.”

Responsible credit cards

How do you find a clean credit card where any card fees will finance ethical community projects? Green America has done a great job here. You can visit BreakUpWithYourMegaBank.org to find either a credit union or a local community development bank that can issue a credit card. Green America provides a list of clean credit card alternatives, including their own. The Green America credit card is issued by TCM Bank, which is a subsidiary of the Independent Community Bankers of America (ICBA). The ICBA supports over 500,000 community banks in the States. When you use this Green America credit card, you support both the ICBA with your fees and Green America with your purchases, since a portion of every purchase goes towards Green America's environmental work.



Source: Screenshot of GreenAmerica's website. Click [here](#) to visit Break Up With Your Mega-Bank to find either a credit union or a local community development bank that can issue a credit card.

The list they provide is a pretty great starting point, and they provide the annual percentage rate as well as whether or not there's an annual fee.



BETTER BANKS

PERMACRAFTERS

Financial Institutions

La Nef (France)
Crédit Coopératif (France)
Anthroposophical Banks
Credit Unions
B-Corp Certified Community Banks
Member of Global Alliance for Banking of Values

Sustainable Investment Funds

Terre de Liens (France)
RSF Social Finance (United States)

Further resources:

- [Green America - Get A Better Bank](#)
- [Green America - Find Responsible Credit Cards](#)
- [Banking on Climate Change PDF, Fossil Fuel Finance Report Card 2019 by Rainforest Action Network](#)
- [Banking on Climate Change 2019 - Data Panel by Rainforest Action Network](#)
- [EPA Green Banking Strategies](#)
- [Amis de la Terre - French guide to banking](#)