



Global Voices Information Sheet

Socially Responsible Investing

What is Investing?

- Very simply, investing is the act of committing money or capital to an endeavor with the expectation of making a profit.
- The average person makes money by working. But, there is a limit to how many hours we can work in a day. To make more money, people put their money to work through investing.
- When you invest in the stock market, you use money to purchase shares, or a piece of a company. The price of the stock is determined by the company's ability to make a profit.
- Changes in the economy can cause the price of that stock to go up and down. If the price of the stock goes up, you earn money. If it goes down, you lose money.
- In the end, you invest in a company because you believe the price of that company's stock is going to go up and make you more money.

What is Socially Responsible Investing

- When you are investing regularly, you can invest in any publicly-traded company. This can include companies that have bad social or environmental records. You can make money with these companies but that might always be good for the world.
- With socially responsible investing, you would invest in companies that promote things like the environment, human rights and diversity.

Key Terms

Dow Jones Industrial Average – is a stock market index made up of 30 of the largest and most widely held public companies in the United States.

portfolio – a group of investments held by an investor or investment company

profit – a positive gain from

Global Voices Secondary Educator Resources

Note to Educators:

The following activities are designed to stimulate a current events discussion. Generative in nature, these questions can be a launching point for additional assignments or research projects. Teachers are encouraged to adapt these activities to meet the contextual needs of their classroom.

In some cases, reading the article with students may be appropriate, coupled with reviewing the information sheet to further explore the concepts and contexts being discussed. From here, teachers can select from the questions provided below. Activities are structured to introduce students to the issues, then allow them to explore and apply their learnings. Extension and conclusion activities are included to challenge students and finally, encourage them to reflect on the issues at hand.

Ontario curriculum connections charts for grades 6 to 12 are included on the Global Voices homepage, www.thestar.com/globalvoices.

Since these activities are designed as discussions rather than formal lessons, assessment strategies are not included.

Today the world is facing a global financial crisis. While many people often consider youth to be egocentric and apathetic about world issues, this crisis does affect them. Their opinions on the crises will ultimately affect their own financial planning as they work towards creating a stable economic future for themselves. Some students may require additional background on financial institutions, including knowledge of how the stock market works, in order to better develop and express their opinions. Some students may find this economic crisis has caused put pressure on their families. Therefore, they may be able to have meaningful dialogue on the subject as well as offer potential solutions to help during these tough economic times.

Pre-Reading Questions:

1. Define Social Responsibility. How are you socially responsible? Do you feel that it is important to be socially responsible? Why or why not?
2. What is an investor? Where do investors work? Would you like to be an investor? Why or why not? Why are investors important to society?
3. What is an investment? What is an investment advisory firm? When would someone need to go to an investment advisory firm?
4. What do you think a portfolio is? Ask your family if they have an investment portfolio.
5. Define 'philanthropy.' What is a philanthropist? Provide an example. What sort of philanthropic work would you like to do?
6. Do you consider Marc and Craig Kielburger to be philanthropists? Why or why not?

Post Reading Questions:

1. In your own words, describe Steve Schueth. Develop a character web for him using examples from the article to explain your ideas.

2. Who are the individuals seeking Schueth's services? What kind of support are they looking for and how can he assist them?
3. What is a return on an investment? Explain the quote "...the generous investor may donate part of his yearly return to charity. But, where does that money come from?"
4. What are profit margins and annual returns? As an investor, how would you find this type of information? Is it made available to the public?
5. Have you ever considered how you might invest your money for the future? What factors are important when determining what companies you want to invest in? Make a list and share your response with a partner. Do you share common concerns or interests about your investment planning ideas? How do your opinions differ? Discuss.
6. Use the following scenario to help you determine where you will allocate your fund. You are a student who has \$5,000 to invest. You care about the environment and you have plans to attend a post-secondary institution. Go and do some research at the First Affirmative Financial Network website <http://www.firstaffirmative.com/>. Learn about the different ways you can invest your money. What companies do you think will best meet your needs and criteria? Justify your response with research from the website and explain how you have invested your \$5,000.
7. Explain how the financial crisis has "changed the playing field." Use examples from the article to support your response.
8. Why do you think industries such as alcohol, gaming, tobacco and weapons have produced big returns for investors in the past?
9. Define the term "grassroots." Why are groups of investors who decided they wanted their money to do more considered to have emerged from the grassroots?
10. Do you think the quality of a company influences its profit margins? Why?
11. What are the consequences of the "credit crunch"? Who is most affected by it? Explain.
12. What does forward-thinking mean to you? How could you become a forward-thinker? How could this type of thinking help you become more successful in your life?

Enrichment Questions:

1. The CFA Institute website offers Ten Tips for Socially Responsible Investing. http://www.cfainstitute.org/aboutus/investors/articles/10_sri_tips.html. Evaluate the suggestions they have given. Now, become an economic critic. What loopholes do you see in this list? Would you make any changes or re-order the list in any way? Explain your critique in a short presentation to your class.
2. What is a recession? Research the Toronto Star archives to learn about the last time Canada and the United States experienced a recession. Explain how Canada and the United States have coped through the recession. Explain how the following groups would be affected by a recession: the government, banks, investment firms, businesses, the public.
3. What do you think 'recession proofing' means?

Extensions:

1. Provide the students with the Business section of the Toronto Star. Explain how to read the financial markets and understand how the stock market functions.
2. Invite an investor or a person who works at a financial institution into your class to speak about investments. This is a great opportunity for the children to understand the value of investing and saving your money. This also allows the students to begin to think about RRSP's and saving for the future.