IMPACT OF INVESTMENT IMPACT ON THE BUSINESS

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The relevance of the study of impact investment is determined by the existing trend of deterioration and exacerbation of social and environmental problems in the field of environment and nature management, health, education, culture, social protection. Impact investment aims to create a measurable social and environmental effect along with financial returns.

Impact investment is essentially a type of social investment, in particular investing in projects that have a positive social effect. In addition, these investments have many varieties. In essence, impact investments do not contradict the generally accepted views on solving social and environmental problems with the help of the state or charity, but at the same time assume that financial investments can be made not only to obtain financial results, but also to obtain social results.

A distinction must be made between ESG and SRI in investments:

ESG rates companies on environmental, social and governance criteria to find the "good" ones. There are, however, no standardized criteria, so it depends a lot on who's deciding what counts as "good".

SRI excludes companies from an investment that are involved in certain businesses, e.g. gambling, alcohol, or fossil fuel. It's useful for single-issue investors.

As a basis for research, we take the ESG, it stands for E = environmental, S = social, G = government elements.

Environmental elements are quite easy to imagine such as ocean pollution by plastic and oil, polluted air, global warming.

The social component looks at how the company interacts with the world on a more human level - within the community it manufactures and sells in (often two very different sides of the world).

Finally, the last element - the government here is considered directly who makes all the decisions and how to manage the company. This may include things like incentives for the CEO solely on the basis of profit or other purposes, such as emission reductions, whether there are lawsuits against the company, and whether there is transparency in the company's decision-making.

While the numbers may have some limitations due to different interpretations of ESG criteria. Multiple ESG-related investment approaches are available for selection by asset managers, also in combination, and even though the market players have not settled on standard methodologies yet, ESG strategies can generally be clustered according to more active or passive ESG

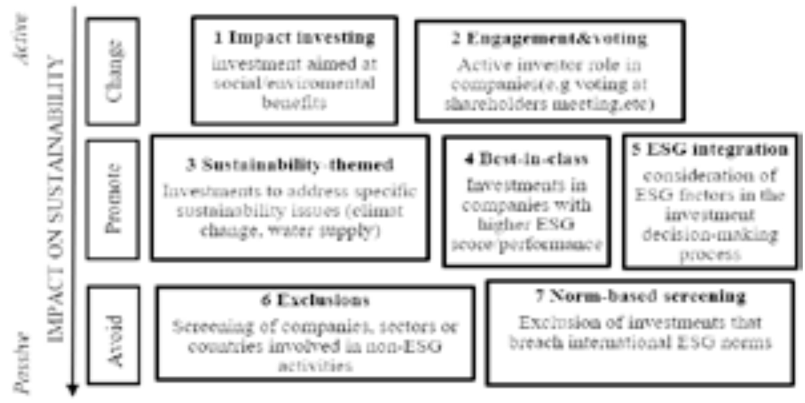

Figure 1. Map of ESG strategies

Concentration of efforts of the company on achievement of essential positive effects is in a certain direction of realization of socially responsible innovations (for example, on introduction of renewable energy sources, creation of socially significant innovative products, etc.) determines the transition to thematic innovations with a significant increase in public value in the chosen direction. If, as part of the implementation of thematic innovations, the company develops and implements new products, it can ensure the growth of its financial performance, the creation of new markets and the consolidation of competitive positions.

Thus, depending on the chosen innovation strategy, the company can focus on the maximum scale of implementation of the ESG-criterion, in other words on creating positive effects, implementing socially influential innovations, or on its minimum consideration - ensuring compliance with regulatory requirements and eliminating negative effects.

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