

Excerpt from ETF.com, February 21, 2020

Also in Yahoo Finance,

<https://www.etf.com/sections/features-and-news/evaluating-esg-etfs-your-questions-answered>

https://finance.yahoo.com/m/62338aa9-6a37-3133-8b6f-7933aa6a7e37/ss_best-energy-etfs-for-q1-2020.html

Evaluating ESG ETFs: Your Questions, Answered!

1. **When will there be a universal way of measuring corporate ESG scores? For example, Thomson Reuters and Sustainalytics have some companies at the top of their list that are at the bottom of the other's list. What's the best way to navigate this?**

This is such a good question, and it's one ESG investors new and old wrestle with all the time. Who's to say which scoring methodology is the best?

Well, you are.

In the absence of standardized scoring metrics,

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1. **Has any ESG concept/segment shown outstanding performance thus far?**

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... one ESG concept that has exhibited significant outperformance is clean energy.

The [Invesco WilderHill Clean Energy ETF \(PBW\)](#), the ... , and the ... are three such ETFs; each has delivered one-year returns above 60%.

1. **Which ESG ETFs have the least exposure to fossil fuel companies?**

Tricky question! That's because some ETFs historically marketed as 'fossil fuel free' are in fact fossil fuel *reserves* free, meaning that the companies in their portfolios hold no physical reserves of oil, gas, coal and so on. While that rules out oil and gas producers and coal miners, it fails to exclude other fossil fuel-dependent stocks, such as oil & gas industry service providers, pipeline operators and so on.

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1. **Why invest in an ESG ETF, when you could just invest in several renewable energy stocks?**

This goes straight to the existential thesis for ETFs: ETFs offer convenient, cost-effective exposure in an all-in-one wrapper. Trading an ETF that holds, say, 30 solar power stocks incurs *much* lower trading costs—that is, commissions and spreads—than you'd run up if you bought and sold those individual 30 stocks at once. It's also easier for you to invest in foreign stocks, such as Chinese or French solar companies, since U.S.-listed ETFs trade on New York hours, not on Chinese or European time zones.

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