



## 2 Top ESG Stocks for Your TFSA

### Description

Have you ever heard of ESG stocks? If you are interested in preserving the environment and you think that companies should act in socially responsible and ethical ways, you might be interested in socially responsible investing.

Investors who want to invest in a socially responsible way screen investments based on environmental, social, and governance (ESG) criteria, which is a set of standards used to classify companies.

A company that is making efforts to minimize its impact on the environment will score high on the environmental criteria. A company's relationships with its employees, suppliers, customers, and society relate to the social criteria. Governance criteria look at how a company is run. Corporate board independence, corporate risk management, and executive compensation are part of the points analyzed under the governance criteria.

The **S&P/TSX 60 ESG Index** tracks the performance of the constituent companies of the S&P/TSX 60 while also considering each company's sustainability performance relative to the corresponding industry-specific standards. Companies are weighted based on their sustainability score.

I will look at two companies that are in the top five of the S&P/TSX 60 ESG index: **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)).

### Toronto-Dominion Bank

TD Bank is the most important constituent of the S&P/TSX 60 ESG index, meaning that it scores the highest when it comes to sustainability. This bank is the only Canadian bank listed on the **Dow Jones Sustainability Indices (DJSI) World Index**, which lists the world's most sustainable companies; 2017 is the fourth consecutive year in which TD Bank is on the DJSI.

TD Bank shares had a compound annual growth rate of return (CAGR) over 15% for the last five years. They have a P/E of 13.2 and a return on equity (ROE) of 14.8%.

The bank pays a quarterly dividend of \$0.60 for a yield over 3% and it has a history of raising its

dividend each year.

TD Bank reported its latest quarterly earnings on November 30, earnings that were boosted by its Canadian and U.S. retail banking business.

Net income rose to \$2.7 billion, or \$ 1.42 per share in the [fourth quarter](#) — up 17.4% and 18.3%, respectively, compared to the same quarter in 2016.

For the year, TD Bank reported net income of \$10.5 billion — up 18% from the prior year.

### **Sun Life Financial Inc.**

Sun Life is the fourth most important constituent of the S&P/TSX 60 ESG index. The year 2017 is the eighth consecutive year that Sun Life has been named among the Global 100 Most Sustainable Corporations in the World (the “Global 100”), as selected by Corporate Knights. Sun Life is one of only six Canadian companies across all sectors included in the ranking, and it’s the only North American insurance company to be listed on the 2017 Global 100.

Sun Life shares had a CAGR over 16% for the last five years. They have a P/E of 12.1 and an ROE of 13.4%.

The insurance company pays a quarterly dividend of \$0.455 for a yield over 3%. It has been raising its dividend twice a year for the last three years.

Sun Life Financial [posted stronger earnings](#) for its most recent quarter on November 9 — a result driven in part by improved online capabilities.

The Toronto-based company, which is best known for its life insurance business, saw its net income rise to \$817 million, or \$1.32 per share in the third quarter — up 10.9% and 10%, respectively, from the same period a year earlier.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

**Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing

**Date**

2025/07/20

**Date Created**

2017/12/17

**Author**

sbchateauneuf

default watermark

default watermark