Within the last two decades, the market of socially responsible investing (SRI) has seen unprecedented growth. While SRI was barely an issue for investors a few years ago, today this market has managed to draw investor’s attention to it at the fullest around the globe. Part of the reason why this market stands in the investing community’s spotlight is the growing pressure on companies to tune their corporate antennae to a rather controversially discussed concept dubbed as corporate social responsibility (CSR). In consideration of those developments, this paper puts forth a list of reasons why companies have to engage in CSR. In addition, this paper introduces a Sustainability Balanced Scorecard that can support companies in their effort of implementing and maintaining a sound CSR agenda and hypothesises that CSR can indeed lead to competitive advantage. In a second part, this paper analyses the effect of CSR, or sustainability that is, on a company’s financial performance and shows that sustainability is in fact sustainable. Moreover, the quantitative analysis focuses on SRI’s ability to provide diversification potential on a portfolio level. Taking different levels of investors’ risk aversion into account, the analysis generates optimal portfolios consisting of stocks, bonds and the respective SRI/Eco index and finds that risk-averse investors mix SRI/Eco indices to their existing bonds-stocks-portfolio in order to gain an optimal portfolio in terms of risk-return measures.