



SFG Midi de la Finance

Et si on parlait de ESG?
Focus sur les critères sociaux

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Overview

- What is meant by «social aspects»?
- Why do they matter to investors?
- Viewing value and impact broadly (RI)
- Key social criteria...and why
- Challenges to incorporating them
- Difficult questions and future directions



«social aspects» or «social criteria»

- Company impact on society (broadly) and stakeholders (specifically)
- Issues to take into account when measuring and evaluating this impact
- Can include social aspects of environmental and governance issues



Why take these into account in investing?

- Companies have positive and negative impacts on society – never neutral
- Increasing recognition that they must take responsibility for social impacts
- Materiality reasons



This reasoning:

- Echoes the long-term focus of SRI
- Takes broader view of impact and «value»
- Takes longer time frame
- ESG issues show short-term time frame is misleading, even dangerous

Key social issues...and why

- Community relations

Positive	Negative
-Social license to operate	-Opposition, delays, suspension -Reputational -Legal problems

Key social issues...and why

- Supply chain labor standards

Positive	Negative
<ul style="list-style-type: none">-Higher productivity-Lower turnover-Higher morale	<ul style="list-style-type: none">-Sweatshop exposés-Boycotts

Key social issues...and why

- Gender equality in the workplace

Positive	Negative
<ul style="list-style-type: none">-Diversity of voices strengthens mgmt-Better choice of candidates-Human K element	<ul style="list-style-type: none">-Lack of diversity can stifle potential-Lawsuits-Poor reputation



Key challenges

- Ever-expanding universe of companies
- Lack of in-depth information
- Behind the curve – reactive
- Hard to measure (long-term, qualitative)
- Is one social criterion > another?



Tough questions remain

- Are social aspects only – or primarily - about financial risk?
- What if you can't measure it right now?
- Some social criteria will remain qualitative
- The environmental is social: should we continue to talk about E + S + G?



In the future?

- ESG credit rating?
- Codes requiring investors to assess ESG?