10 reasons to care about environmental, social and governance (ESG) investing

1. **Beating the benchmarks**
   Top ESG-ranked companies recorded better performance than the average S&P 500 company.
   
   Source: MSCI ESG Research LLC, Sustainalytics, Refinitiv, FactSet.

2. **Rising investor interest**
   New investments in ESG funds could total an estimated $20 trillion in the next two decades. These demographic groups are taking the lead.
   

3. **Financial metrics alone no longer tell the whole story**
   New ways to assess company worth.
   
   Source: FactSet.

4. **Happy employees = successful companies**
   The bottom-line value of caring for workers.
   
   Source: ThinkNum, FactSet, as of 9/28/18.

5. **The best signal of bottom-line risk we’ve found**
   S&P 500 companies in the top 25% by ESG ratings experienced lower future earnings-per-share volatility than those in the bottom 25%.
   
   Source: Refinitiv, FactSet.

6. **Bankruptcy risks avoided**
   Heeding the warnings of ESG.
   
   Source: Refinitiv, FactSet.

7. **“Good” companies enjoy lower funding costs**
   The lower the ESG score, the higher the cost of debt.
   
   Source: US Equity and Quant Strategy, FactSet.

8. **ESG controversies can cost a lot**
   ESG controversies hurt companies’ stock prices and investors alike.
   
   Source: US Equity and Quant Strategy, FactSet.

9. **ESG investing opportunities**
   Trillions of dollars managed by U.S. portfolio managers incorporate ESG issues to address global challenges.
   
   Source: US SIF. *As of 2018.

10. **Chances are you already do care about ESG**
    - Is management compensation aligned with shareholders?
    - Does lax environmental behavior mean elevated legal risk?
    - Is key talent happy or at risk of moving to a competitor?

   Stocks have been bought and sold on ESG concerns for decades. Today, ESG measurements are being standardized, so investors can use them with financial metrics to assess a company’s potential.

   Source: MSCI ESG Research LLC, Sustainalytics, Refinitiv, FactSet.
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