



Society of Actuaries in Ireland

ESG – Why Bother?

5th November 2018

Disclaimer

The views expressed in this presentation are those of the presenter(s) and not necessarily of the Society of Actuaries in Ireland



Society of Actuaries in Ireland

Robert Meaney
ESG Working Group

Introduction

ESG Working Group Overview

Terms of Reference

- Response to a number of legislative changes being introduced – IORP II Directive; proposed European Commission's Action Plan
- Scope and Objectives:
 - ESG requirements of IORP II Directive
 - Clarify Members' responsibility (if any)
 - Education and awareness of Members
 - Recommendations to the Society for areas of potential further work

Current Activity

- Initial education (today)
- IORPS II / Members' responsibility / Fiduciary Duty (later in 2018)
- Further presentation(s) in early 2019

ESG Working Group - Membership

- Sandra Rockett Irish Life Investment Managers (Chair)
- Darragh Kirwan Aon [SAI Finance & Investment Committee]
- Martin Kyne Independent Consultant
- Denis Lyons Aon [SAI Pension Committee]
- Martin McAlister PwC
- Marie-Claire McKenna CNP Santander Insurance
- Robert Meaney Mercer
- Ciaran O'Sullivan AXA Life Europe
- Finian Raftery New Ireland Assurance
- Shauna Rowley Mercer

Volunteers welcome!



Society of Actuaries in Ireland

Stephen Nolan

Sustainable Nation Ireland



Society of Actuaries in Ireland

Eimear Toomey

Sustainalytics

Agenda

- » Introduction to Sustainalytics
- » What is ESG & Responsible Investing?
- » ESG Trends
- » ESG Growth Drivers
- » Materiality in ESG Research
- » ESG Research Assessments- Our Approach
- » Developing a Responsible Investment Policy
- » Extra Resources
- » Appendix

Who Are Sustainalytics

- » The largest pure-play investment research and ratings firm dedicated to responsible investment and ESG research
- » Over 400 professional staff with more than half engaged in research.
- » In excess of 500 clients including most of the leading asset managers
- » Over 25 years experience in the fields of ESG & corporate governance research.
- » Owned by: Senior management, Morningstar, PGGM, ABN AMRO MeesPierson, Renewal Partners.



What We Do

- » We help investors integrate ESG factors into their **investment processes** by providing data, ratings and research to enable more informed investment decisions

Financial Institutions Solutions

Sustainable Finance Solutions Solutions

ESG Integration	Compliance & Screening Screening	Portfolio Analysis	Index Services	
<ul style="list-style-type: none"> » ESG Research & Risk Ratings » Corporate Governance Research & Ratings » Data Services » Carbon Risk Rating » Country Risk Research & Ratings » Sustainable Development Goal Analytics » Sustainable Product Solutions » Strategy Development (e.g. PRI Implementation) 	<ul style="list-style-type: none"> » Global Compact Compliance Services » Product Involvement » Controversies Research » Weapons Research (Controversial Weapons Radar, Arms Trade Research) » Sanctions Research » Human Rights Radar » Screening Support Services 	<ul style="list-style-type: none"> » Portfolio Screening » ESG Portfolio Analytics » Carbon Portfolio Analytics » SDG Portfolio Analytics » Portfolio Monitoring (Controversy Alerts) 	<ul style="list-style-type: none"> » Index Research Services » Supported Indexes » ESG Signals 	<ul style="list-style-type: none"> » Green & Social Bond Services » License Ratings <ul style="list-style-type: none"> » ESG-Linked Loans » Communicate to Investors & Supply Chain » Key Metrics in Annual Reports (internal & external)



What is ESG & Responsible Investing?

What is Responsible Investing?

Distinguishing the Terminology

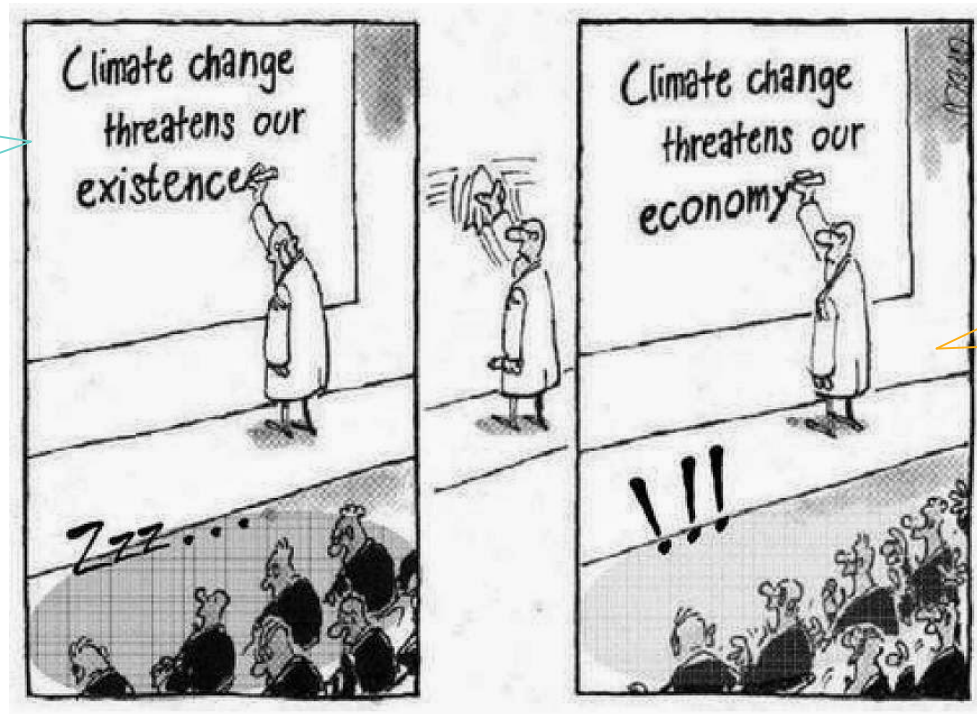
- » **Responsible Investing (RI)**: an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Responsible Investment can be pursued even by the investor whose sole purpose is financial return, because it argues that to ignore ESG factors is to ignore risks and opportunities that have a material effect on the returns delivered to clients and beneficiaries.

- » All of the following approaches seek to combine financial return with a moral or ethical return, which is distinct from Responsible Investing:
 - » Sustainable Investing
 - » Ethical Investing
 - » Socially Responsible Investing (SRI)
 - » Impact Investing
 - » Green Investing

Return Driven vs Impact Driven Investors

We are seeing increased demand particularly from investors driven primarily by financial return expectations

Impact-driven investors:
"What's the impact of a company's activities on environment and society?"



Return-driven investors:
"What's the (potential) impact of ESG issues on a company's enterprise value?"

Spectrum of Capital




Where do you sit?



Source: Bridges Ventures 2015

What is ESG?

Examples of Environmental, Social and Governance Factors

ESG Category	ESG Issue	Potential impact on company
Environment 	<ul style="list-style-type: none"> » Resource management and pollution prevention » Reduced emissions and climate impact 	<ul style="list-style-type: none"> » Avoid or minimize environmental liabilities » Lower costs/increase profitability through energy efficiency » Reduce regulatory, litigation and reputational risk
Social 	<ul style="list-style-type: none"> » Community relations » Indigenous peoples' rights » Human rights 	<ul style="list-style-type: none"> » Improve brand loyalty » Protect and enhance social license to operate » Reduce reputational risk
Governance 	<ul style="list-style-type: none"> » Executive compensation » Board accountability » Shareholder rights » Avoidance of bribery and corruption 	<ul style="list-style-type: none"> » Align interests of shareowners and management » Avoid negative financial surprises or "blow-ups" » Reduce reputational risk

Various Approaches to Incorporating ESG

Examples of approaches used by our clients

ESG Integration

- Incorporating ESG analysis into traditional investment process to enhance the risk return profile of an investment

Active Ownership- Engagement & Voting

- Direct and collaborative corporate engagement & explicit ESG considerations within proxy voting

Portfolio Analysis & Client Reporting

- Looking to better understand and report on the ESG and Impact related characteristics of a portfolio and Direct reporting to clients on ESG exposure, engagements and activities

Best In Class/Positive Screening Approaches

- Investing in the top ESG performing companies across sectors

Negative Screening

- Excluding poor Environmental, Social and Governance (ESG) performers and/or companies that are involved in controversial business lines, e.g. tobacco, gambling

Norms-based Screening

- Identifying companies that are in breach of international norms and legislation

Thematic/ Impact Investing

- Investments focused on companies aiming to solve sustainable development challenges, e.g. clean technology, water etc

Different Users of ESG Research

Some examples

User	Examples of Use of ESG Research
Asset Managers: Retail & Institutional	ESG integration, screening, engagement, client reporting, product creation
Asset Owners: Insurance, Pension Funds etc	Engagement, screening, investment manager selection, reporting, ESG integration
Index Providers	Creating ESG tilted indices, values driven indices, thematic indices
Investment Banks/ Capital Markets	Product creation, thematic research
Brokers/Sell-side Research	Idea generation, ESG integration
Risk Management / Compliance	ESG related due diligence
Wealth Managers	Investment advisory, direct investment, manager selection and monitoring
Investment Platforms	Client reporting at aggregate or company level
Retail/Wholesale Banking	Corporate client analysis and screening, ESG-linked loans, client reporting
CSR Teams	Better understanding their own performance through ESG research, reviewing suppliers



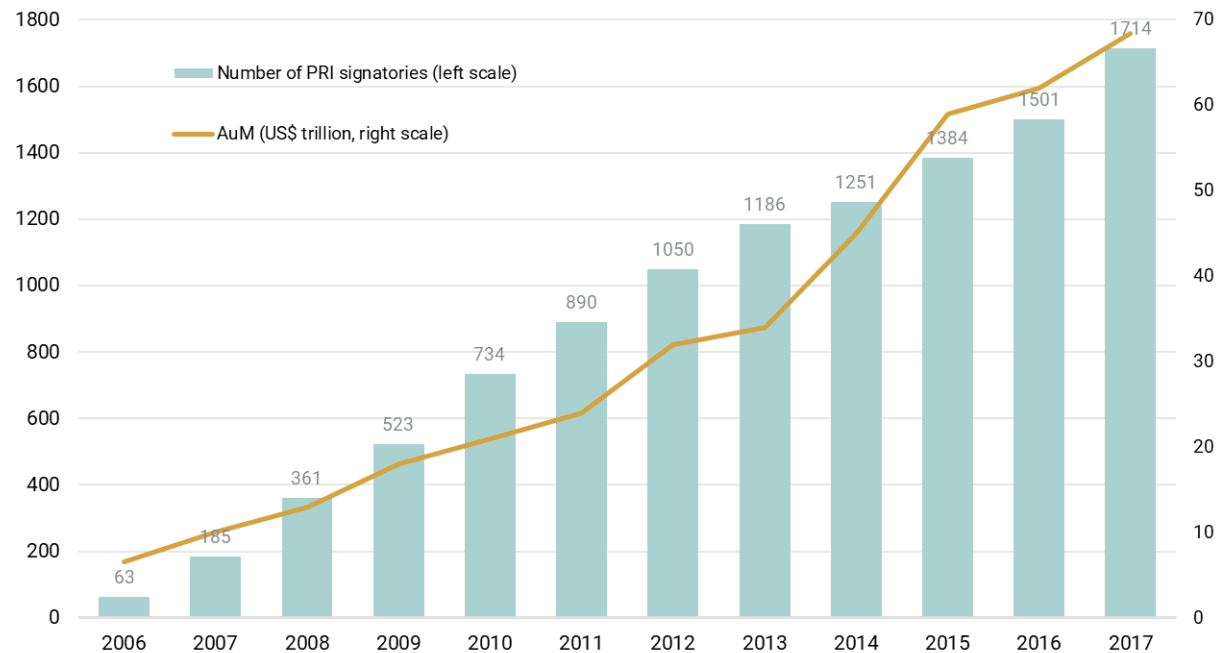
ESG Trends

ESG Considerations are on the Radar of Mainstream Investors

Global PRI signatory number continues to grow

- » In 2017, there were more than 1,700 signatories of the PRI, representing US\$68 trillion in assets under management;
- » This represents a 24% increase in AUM from 2015 to 2017;
- » As of early 2018, there are over 1,900 signatories, including 1325 investment managers, 372 asset owners, 245 service providers.

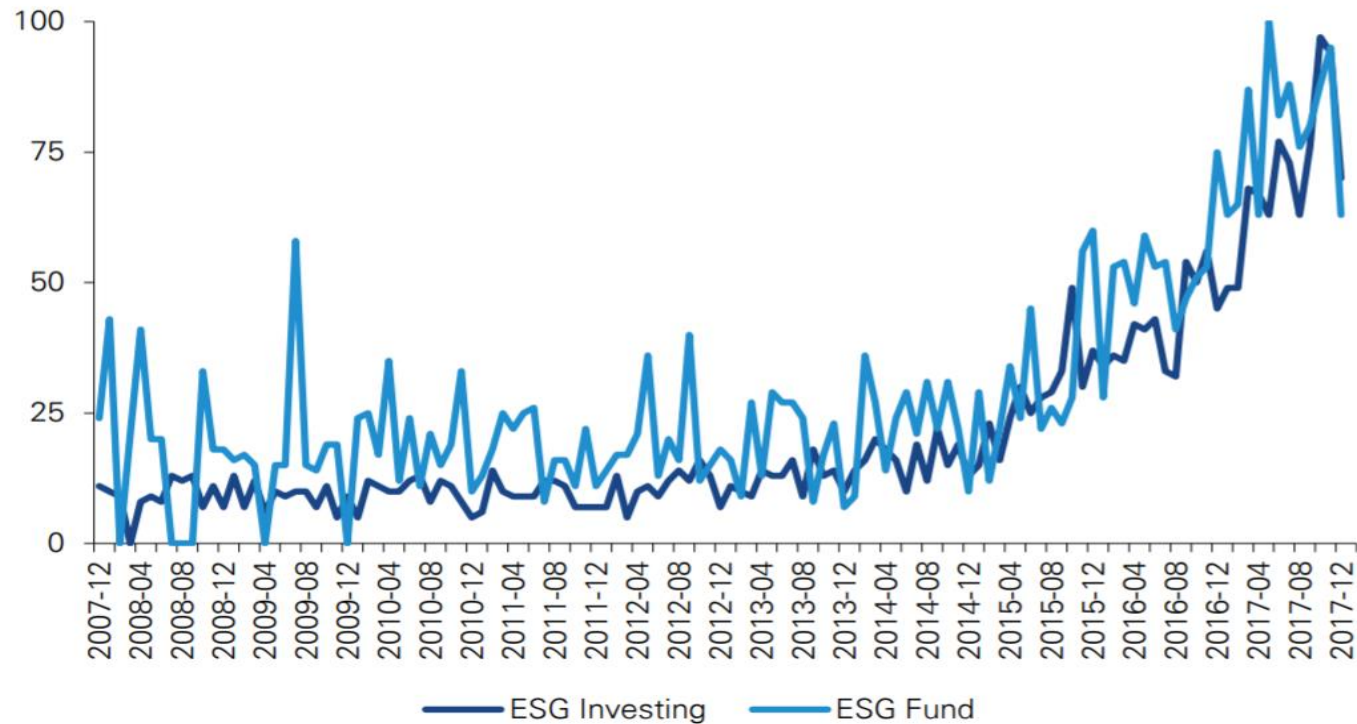
PRI Signatories and Assets under Management (2006-2017)



Source: UN PRI

Google Search Trends for ESG Terms

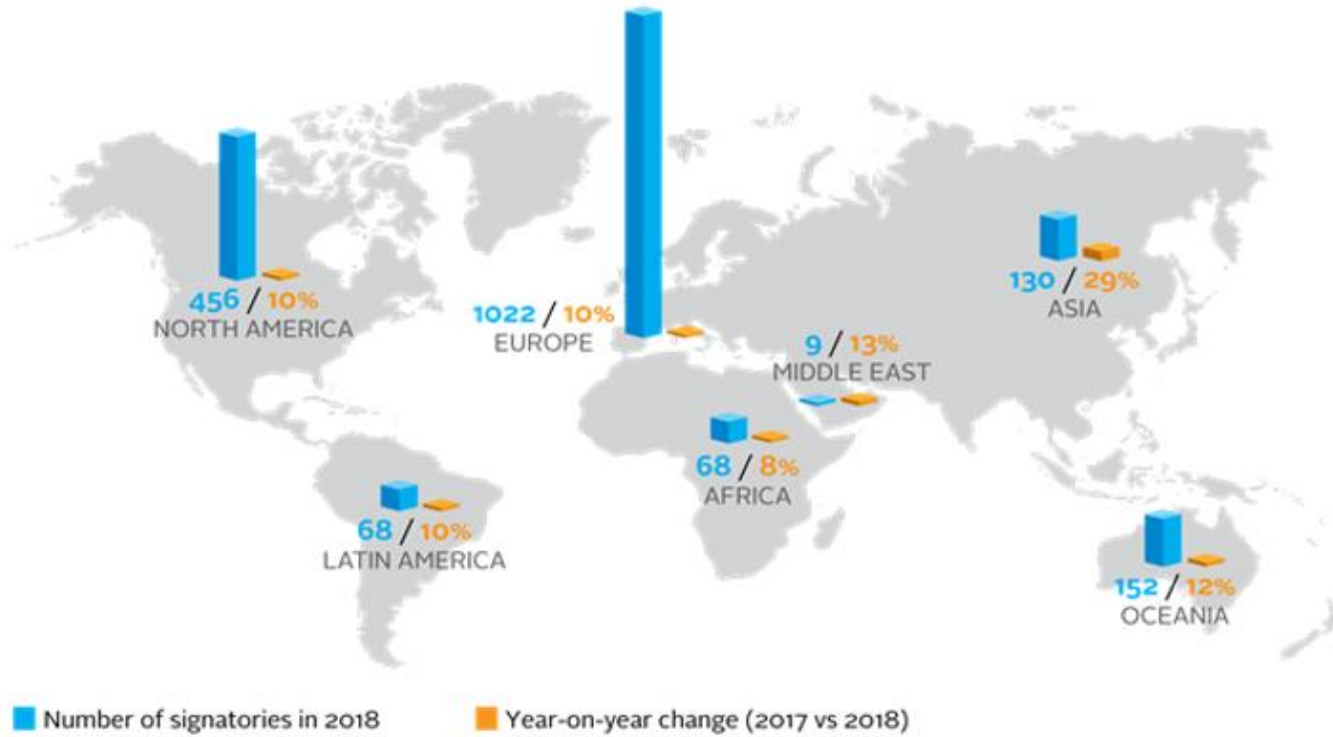
Clear upwards trend over the past 4 years



Source: KPMG 2018

Regional Trends

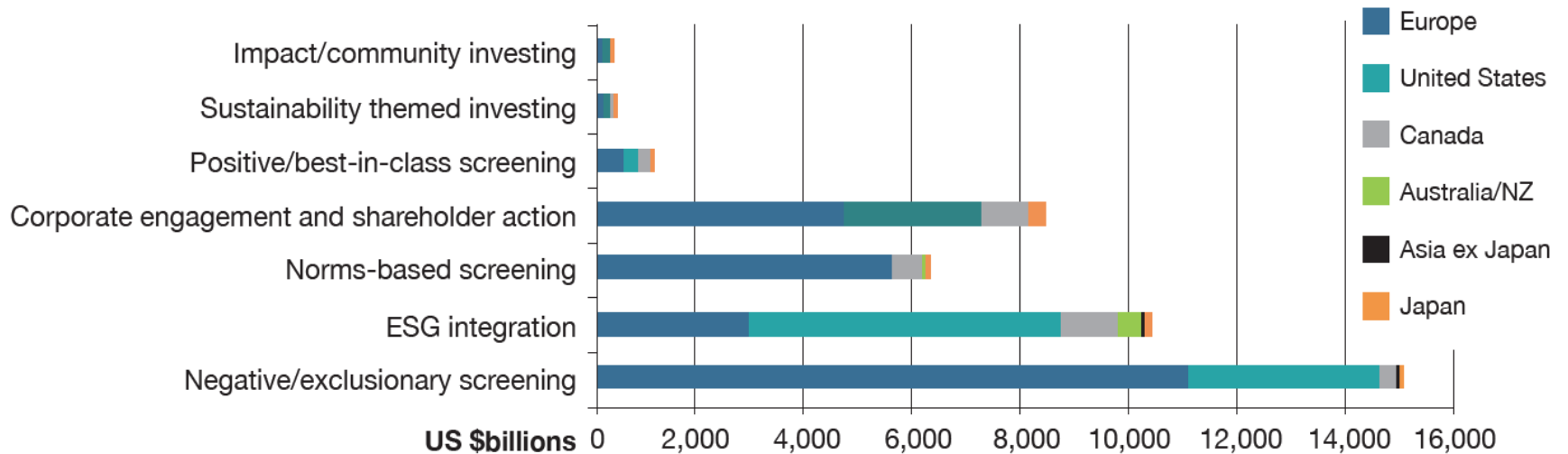
PRI Signatories region breakdown and increase vs 2017



Source: UNPRI 2018

Responsible Investment Strategies by AUM

RI Strategies across asset classes

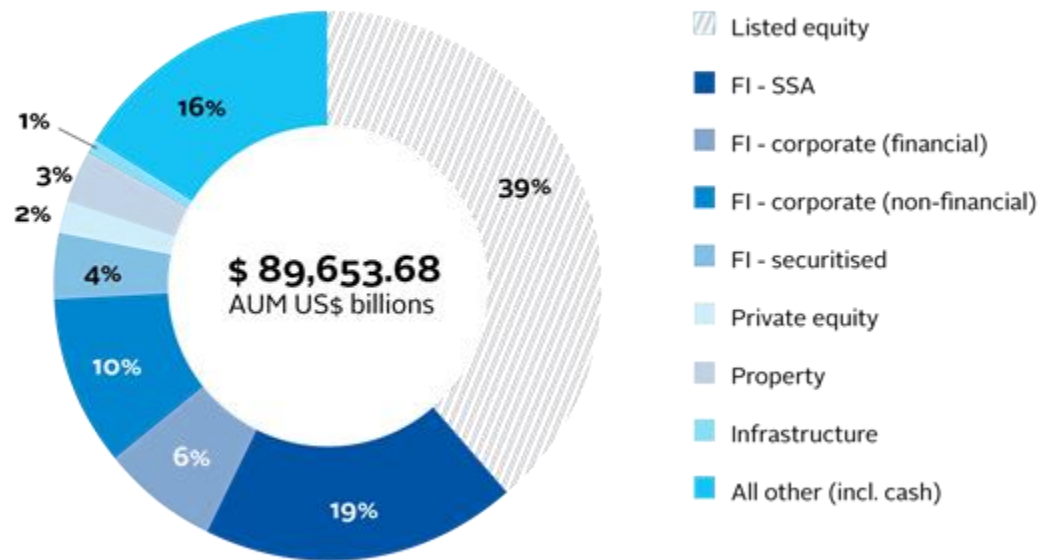


Source: GSIA Investment Review 2016

Increasing uptake across asset classes

Not just for listed equities

Signatory breakdown by asset and AUM*



*Includes double counting

Source: UNPRI 2018



ESG Growth Drivers

Growth Drivers

Mainstreaming of ESG



1. Macro Trends

Example: Climate Change is Making its Effects Felt

2017 was the most expensive US hurricane season ever

\$200bn in damages in the US alone

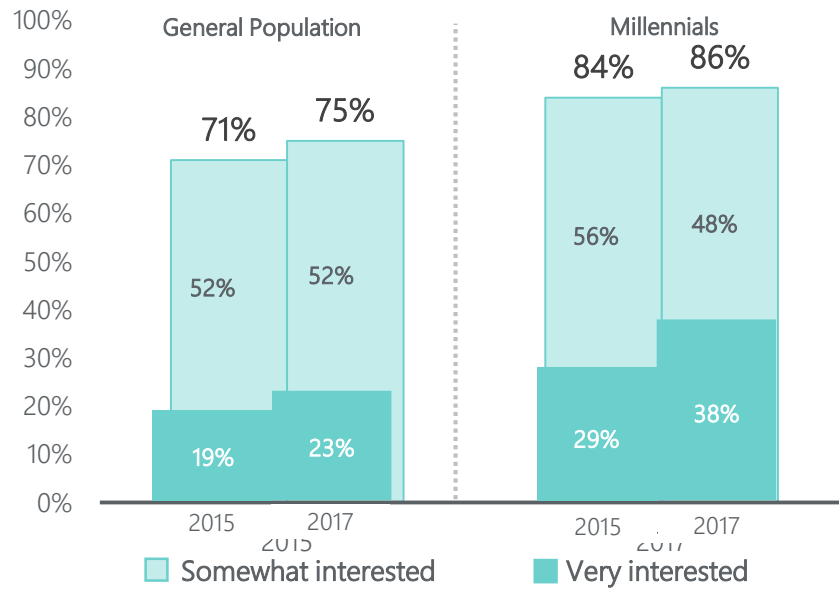
\$3bn losses reported by American Internal Group in Q3 due to hurricanes

Source: <https://www.bloomberg.com/news/articles/2017-11-26/the-most-expensive-u-s-hurricane-season-ever-by-the-numbers>

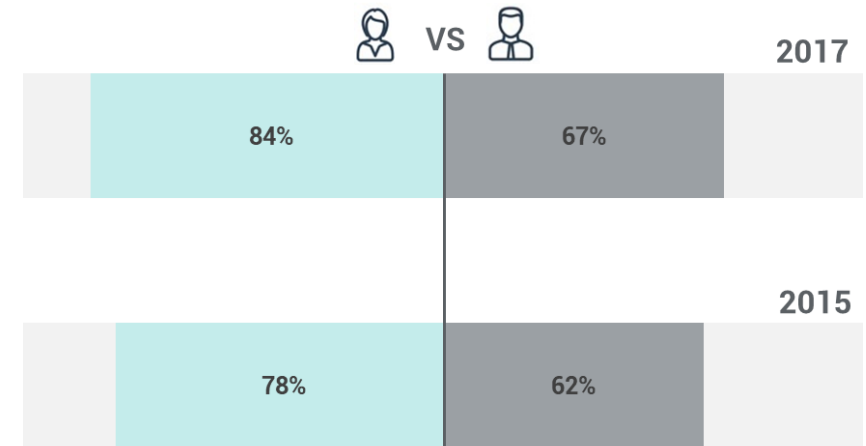
1. Macro Trends

Example: Millennials and Women Lead the Charge

Millennials are particularly



Women of all ages show the strongest interest in sustainable investing (2015-2017)



Source: Institute for Sustainable Investing's 2017 "Sustainable Signals" report

2. Public Awareness: Global Media Coverage is Increasing

Broad range of high profile coverage



Banks urged to stop multi-billion dollar investments in deadly cluster bombs

23 May 2017

"More than 160 banks, pension funds and insurance companies, mostly from the United States, China and South Korea, invested in six cluster munitions producers between June 2013 and March 2017, Dutch charity PAX said in a report."

<https://www.reuters.com/article/us-global-clusterbombs-funding/banks-urged-to-stop-multi-billion-dollar-investments-in-deadly-cluster-bombs-idUSKBN18J0LH>

FINANCIAL TIMES

LafargeHolcim's reputation at risk over alleged links with ISIS

19 March 2017

"Business partner of Isis and financier of terrorism. It is not an accusation a leading European industrial group would welcome. But it is one that has been used to describe LafargeHolcim, the Swiss-listed cement company..."

<https://www.ft.com/content/406b06fe-05b6-11e7-aa5b-6bb07f5c8e12>



The 'ethical' investment funds pumping millions into oil firms and big tobacco

Thursday 25 August 2016

"Companies backed by the multi-billion dollar funds include Exxon Mobil which has been accused of hiding climate change science and British American Tobacco, Europes largest cigarette maker."

<https://www.independent.co.uk/news/business/news/exxon-mobil-british-american-tobacco-ethical-investment-funds-millions-oil-tobacco-a7208691.html>

THE WALL STREET JOURNAL

Accounting Blowup at Steinhoff Was Hiding in Plain Sight

7 December 2017

"In a cautionary tale for investors, shares of furniture giant plunged more than 60% after it admitted to 'accounting irregularities'"

<https://www.wsj.com/articles/accounting-blowup-at-steinhoff-was-hiding-in-plain-sight-1512585579>

3. Materiality in the Investment Process

Growing awareness of importance of ESG risks and opportunities in investment process

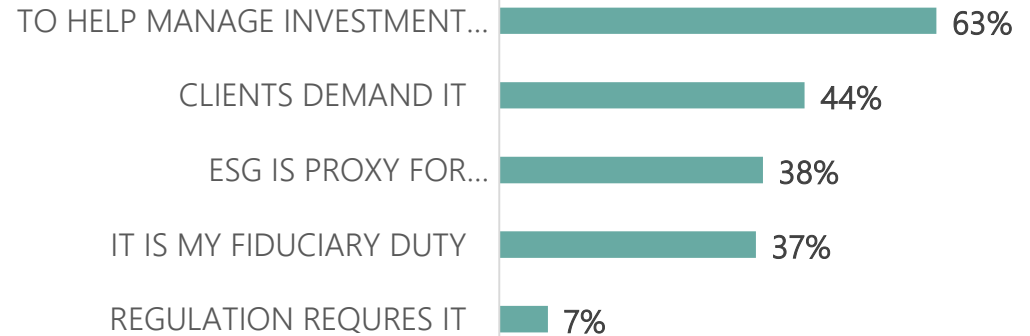


CFA Institute Survey on Environmental, Social and Governance (ESG), 2015

73%

TAKE **ESG** ISSUES INTO ACCOUNT IN THEIR INVESTMENT ANALYSIS AND DECISIONS

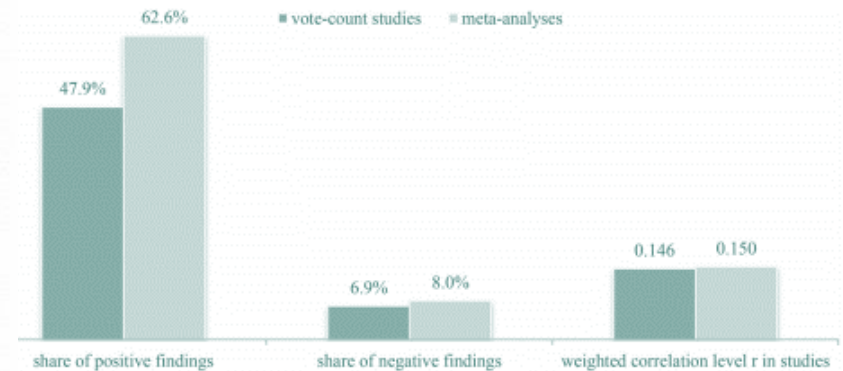
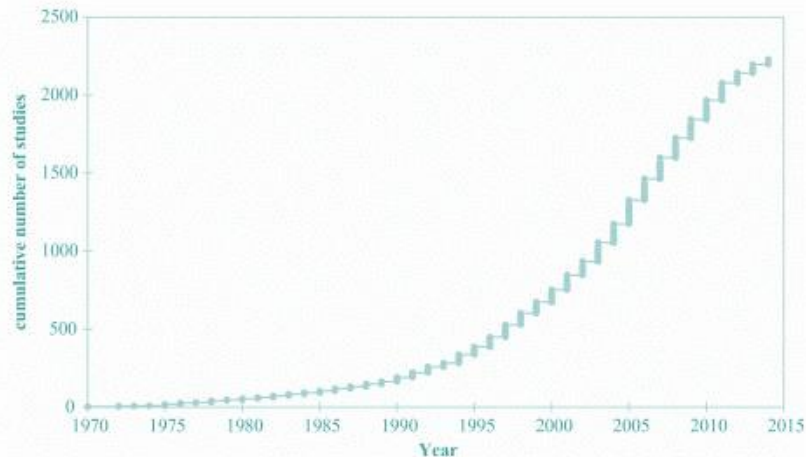
WHY



3. Materiality in the Investment Process

Empirical Evidence

- » The majority of the studies shows evidence of a positive link.
- » 2,200 individual empirical studies since 1970
- » About 90% of the studies show a non-negative link between ESG and financial performance.



Source: Gunnar Friede, Timo Busch and Alexander Bassen; *Journal of Sustainable Finance & Investment*, 2015

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4. International Initiatives & Regulation

Some key examples

- » **HLEG on Sustainable Finance (2018):** Set out strategic recommendations for a financial system that supports sustainable investments which will shape the European Commissions strategy on sustainable finance.
- » **IORP II (2016):** Focused on Occupational Pension Schemes and included new provisions on ESG, as part of risk management and investment.
- » **Paris Climate Agreement (2015):** All the countries in the world (except the US) commit holding the increase in global average temperatures to well below 2°C above pre-industrial levels
- » **Arms Trade Treaty (ATT) (2014):** Signed by 134 states (ratified by 93) regulates the trade of conventional weapons
- » **Convention on Cluster Munitions (2008):** Signed by 108 states (ratified by 102) prohibits the use, transfer and stockpiling of cluster bombs



Initiatives that have pushed the agenda in Ireland

HLEG & IORP II on the agenda

HLEG

- » Aims to provide a roadmap towards a sustainable financial system and integrate sustainability into the EU's regulatory and financial policy framework as well as mobilising capital for a sustainable economy

Recommendations include:

- » Establishing a sustainability classification system
- » Incorporating sustainability within investment advice
- » Better integrating sustainability in ratings and research
- » Clarifying institutional investors and asset managers duties
- » Incorporating sustainability in prudential requirements
- » Strengthening sustainability disclosure and accounting rule-making

IORP II (comes into effect January 2019)

- » Requires occupational pension providers to evaluate ESG risks and disclose information to current and prospective scheme members.
- » Clarifies that the Prudent Person Principle does not preclude funds from considering ESG factors
- » Establish a risk management function and procedures to identify, monitor, manage and report risks including ESG risks associated with the investment portfolio and its management
- » Produce and review a publicly available Statement of Investment Policy Principles. This must explain whether and how the investment policy takes into account ESG factors
- » Inform prospective scheme members whether and how the investment approach takes ESG factors into account
- » Can say factors are not considered or the costs of monitoring the relevance and materiality of factors are disproportionate to the scheme

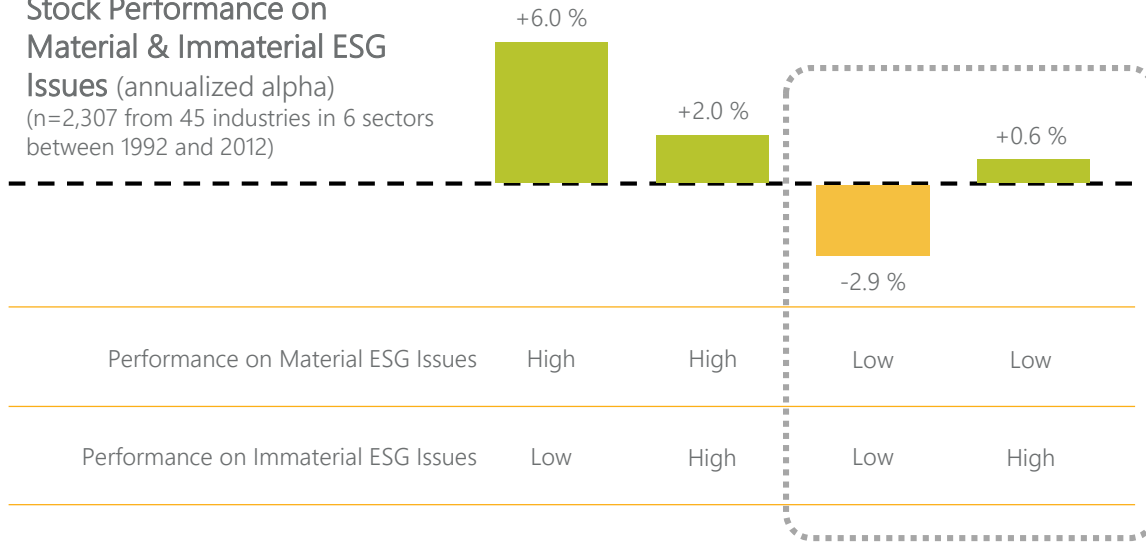


Materiality in ESG Research

Material ESG Issues Vs All ESG Issues

All ESG Issues are not created equal

Stock Performance on Material & Immaterial ESG Issues (annualized alpha)
 (n=2,307 from 45 industries in 6 sectors between 1992 and 2012)



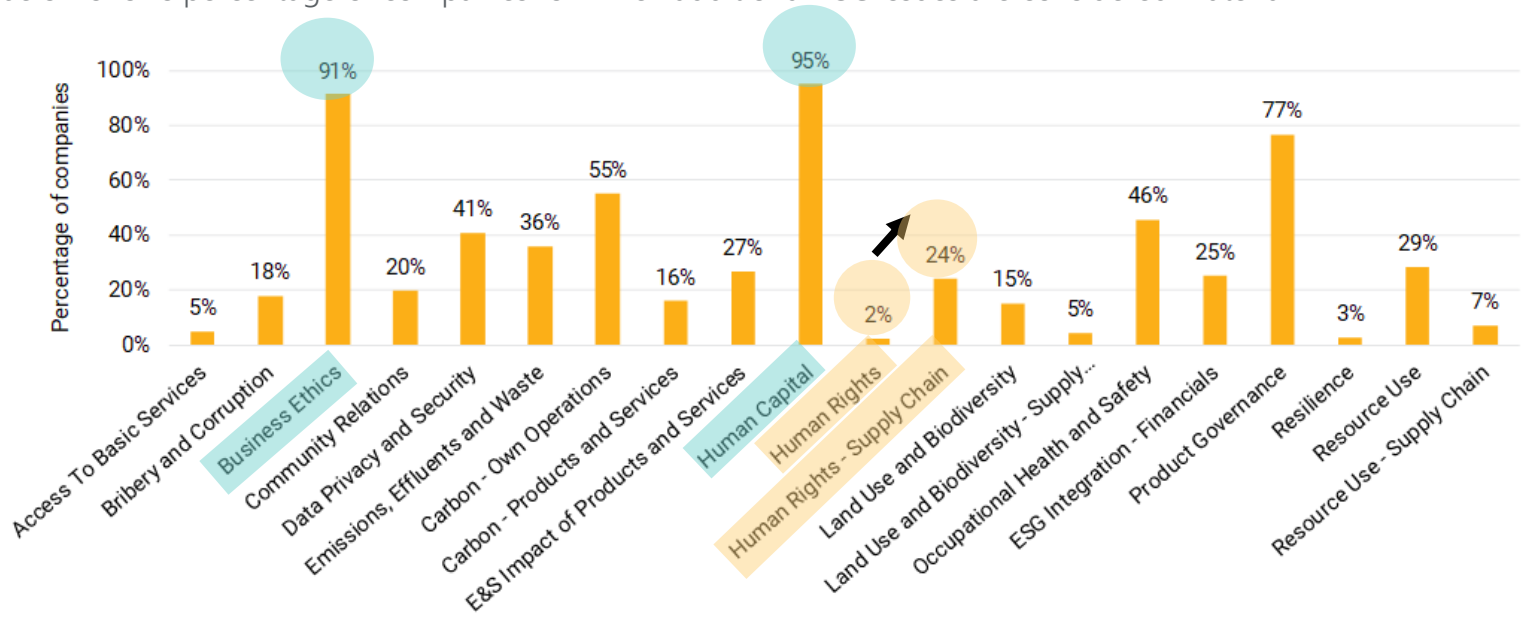
"...firms with good performance on material sustainability issues significantly outperform firms with poor performance on these issues, suggesting that investments in sustainability issues are shareholder-value enhancing."

The study tested the effects of the SASB's material factors, accounting for the effects of firm size, market-to-book ratio, profitability, leverage and sector effects.
Source: Khan, M., Serafeim, G. and Yoon, A. (2015). Corporate Sustainability: First Evidence on Materiality. SSRN Electronic Journal.

Material ESG Issues

Business Ethics and Human Capital are the most frequently selected issues

- » Corporate Governance is considered Material for all companies
- » Chart below shows percentage of companies for which additional ESG issues are considered material



Material ESG Issues

Tesla- A Case Study



TESLA'S MISSION STATEMENT

Tesla's mission is to accelerate the world's transition to sustainable energy. Since our founding in 2003, Tesla has broken new barriers in developing high-performance automobiles that are not only the world's best and highest-selling pure electric vehicles—with long range and absolutely no tailpipe emissions—but also the safest, highest-rated cars on the road in the world. Beyond the flagship Model S sedan as well as the falcon-winged door Model X sports utility vehicle, we plan on launching our new Model 3 sedan later this year at a base price of \$35,000 that we expect to truly propel electric vehicles into the mainstream.

» MATERIAL ESG ISSUES

- » **Carbon – Products and Services.** As a manufacturer of purely electric vehicles, Tesla is unique in the automobile industry in having no risk from regulations governing tailpipe emissions and is well positioned for the trend toward cleaner transportation
- » **Product Governance.** Tesla has had some controversy in relation to its autopilot technology, and battery fires. Despite this, and a history of missing production targets, Tesla does not provide evidence of product quality or safety management systems.
- » **Human Capital.** Tesla has been involved in a significant Labour Relations controversy over allegations of anti-union practices by the company, which have led to lawsuits. Poor labour relations and high employee turnover can lead to production interruptions



ESG Research Assessments- Our
Approach

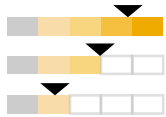
What Our ESG Rating Measures

Formulating a clear and measurable ambition and objective

Our ESG rating measures companies' exposure to and management of material ESG issues.

How Sustainalytics Assesses a Company's ESG Rating

Measures exposure & unmanaged ESG risks



The rating measures and adds up the unmanaged risks of a company vis-à-vis a set of ESG issues that are considered material from a financial perspective.



Companies are exposed to different ESG issues to different degrees. Their exposure is driven by sub-industry and company-specific factors.



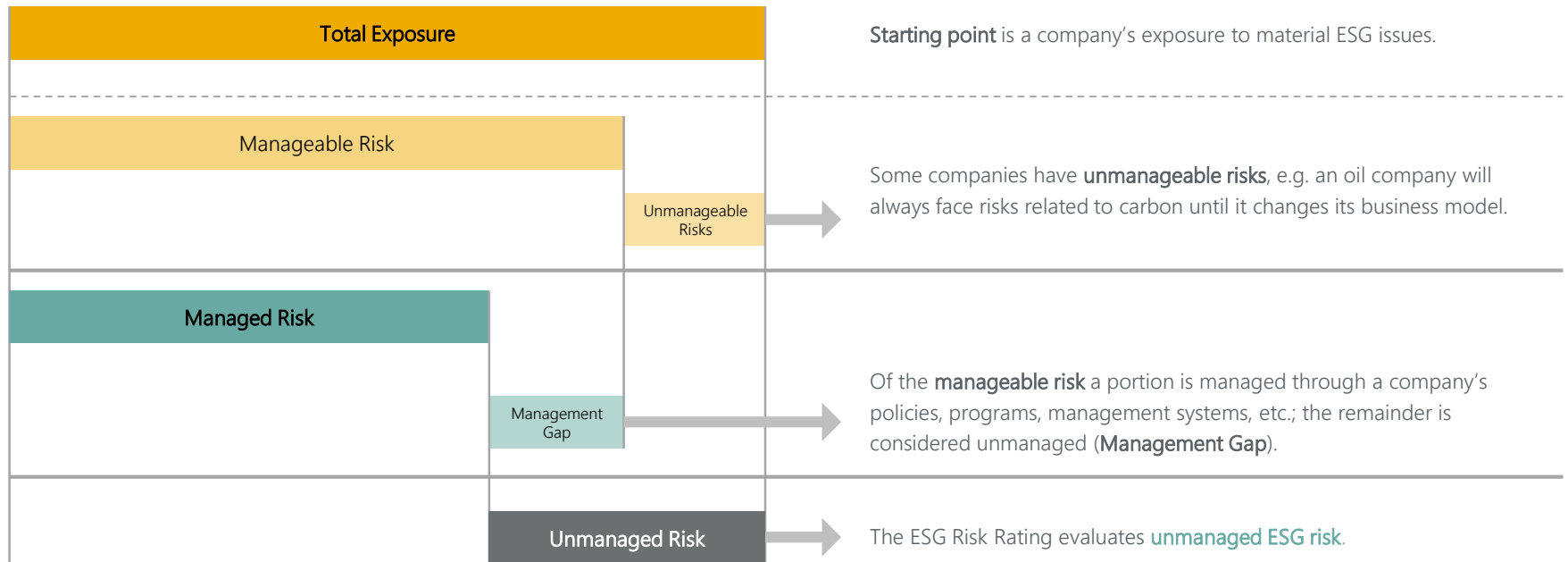
An ESG issue is considered material, if the company is sufficiently exposed to this issue. Corporate Governance is considered to be material for all companies.



Companies are allocated across five risk rating categories (negligible, low, medium, high, and severe risk).

Can Material Issues be Managed?

Our approach to analysing a company's risk exposure to financially material issues





Developing an RI policy

Developing an RI Policy

Step 1: Background Research & Business orientation

» Define needs and goals

- » Review of current policies and practices, including your statement of investment beliefs and core investment principles
- » Interviews with key staff & engagement of executives to understand needs and ensure buy-in

» Develop understanding of Responsible Investing and ESG

- » Understanding of ESG strategies (active ownership, positive best-in-class, norms-based, negative exclusion, integration in investment process, positive thematic and impact investing) and language and terminology of RI
- » Top-line overview of market
- » Understanding of ESG-related legislation and wider guidance (eg PRI, HLEG, in the UK- Stewardship Code etc) as well as regional and international standards

» Undertake a peer review

- » **Create a plan to develop the policy:** establish ownership of the policy, establish a working group, internal review process, engagement of external service providers, stakeholder consultation etc.



Source UNPRI.org

Developing an RI Policy

Step 2: Drafting your policy

Draft Policy based on the outcomes of Step 1

- » The formulation of a scalable framework for the ESG policy could include:
 - » Firm's motives for developing a policy and background on how the policy was developed.
 - » Reference to existing policies and compatibility with them.
 - » An assessment of required overarching policies and management systems
 - » Definitions of some of the key terms and acronyms used in the policy and reference to other codes and principles that your policy is built on
 - » Policy scope. For whom/what parts of the organization is the policy binding? What asset classes, regions, markets and securities does it apply to?
 - » ESG oversight structures, eg responsibilities in relation to the policy, compliance etc
 - » RI Guidelines: eg your firm's core responsible investment guidelines and these can vary significantly from firm to firm depending on your approach and philosophy. It can include ESG standards for investee companies and approach to dealing with external managers for example.
 - » RI Procedures & Approaches: Specifies which RI approaches your firm implements and how- eg ESG integration, Screening etc
 - » Engagement & Active Ownership Approach
 - » Approach to Reporting: eg internal review processes, approach to how and to what extent you would report to clients/publicly

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Developing an RI Policy

Step 3: Implementation and Review of your policy

- » Refine Policy based on feedback from staff
- » Presentations to senior management, investment management staff, business development staff or broader employee base
- » Set up of internal checks, procedures and reporting frameworks
- » Training of relevant staff members
- » Appropriate review process put in place
- » A clearly developed review process should answer the following questions:
 - » How well is the policy being implemented? Are the goals that were formulated in theory being achieved in practice? Do specific investment practices need to be developed further?
 - » Are investment policies remaining consistent with investment strategies?
 - » Do any internal/external factors require you to change how you incorporate ESG considerations into your investment policy? Are you expanding how you incorporate certain issues into your investment process? Have you expanded into new asset classes that are not yet covered by your policy?
 - » Are there any new legal requirements that you must follow?
 - » Are there any other influences that should be considered? For example, should recent peer activity lead to discussions regarding your own policy?



Helpful links

Extra resources

Some useful links

- » Sustainalytics, A typology of ESG approaches: <https://www.sustainalytics.com/esg-research/thematic-reports/how-investors-integrate-esg-typology-irrci/>
- » IPCC Global Warming of 1.5c: https://www.ipcc.ch/report/sr15/?dm_t=0,0,0,0,0&dm_i=1PCE,5WKRE,OTRZU6,N3VCR,1
- » Guidance and case studies for ESG integration: equities and fixed income: <https://www.unpri.org/investment-strategy/guidance-and-case-studies-for-esg-integration-equities-and-fixed-income/3622.article>
- » Getting started on an Integrated Investment Policy: <https://www.unpri.org/asset-owners/getting-started-on-an-integrated-investment-policy/411.article>
- » <https://www.unpri.org/asset-owners/writing-implementing-and-monitoring-an-integrated-investment-policy/412.article>
- » HLEG on Sustainable Finance- Final report: https://ec.europa.eu/info/publications/180131-sustainable-finance-report_en
- » Willis Towers Watson Summary of IORP II: <https://www.willistowerswatson.com/en-GB/insights/2016/11/IORP-II-what-it-means-for-occupational-pension-funds-across-the-EU>



Thank You!

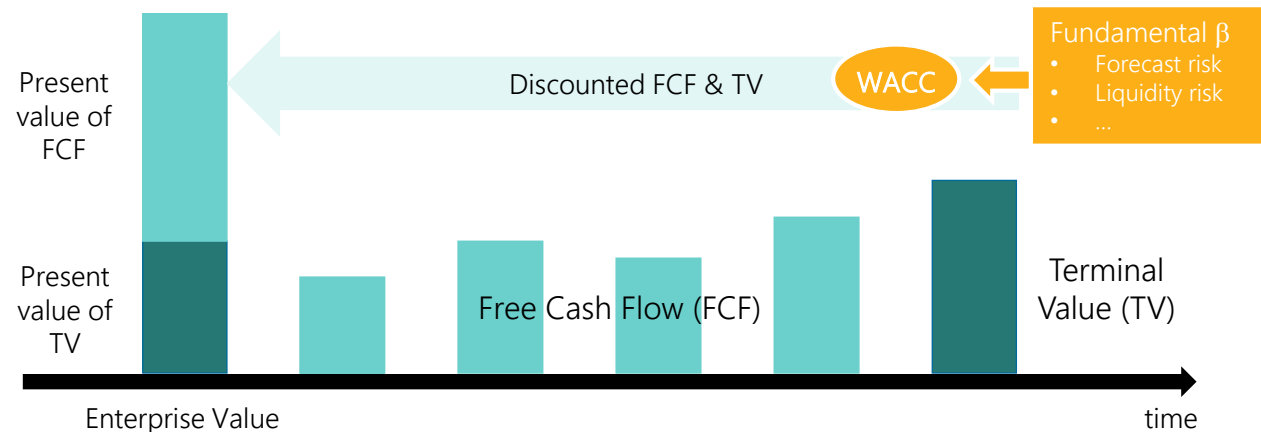


Appendix

Defining Materiality

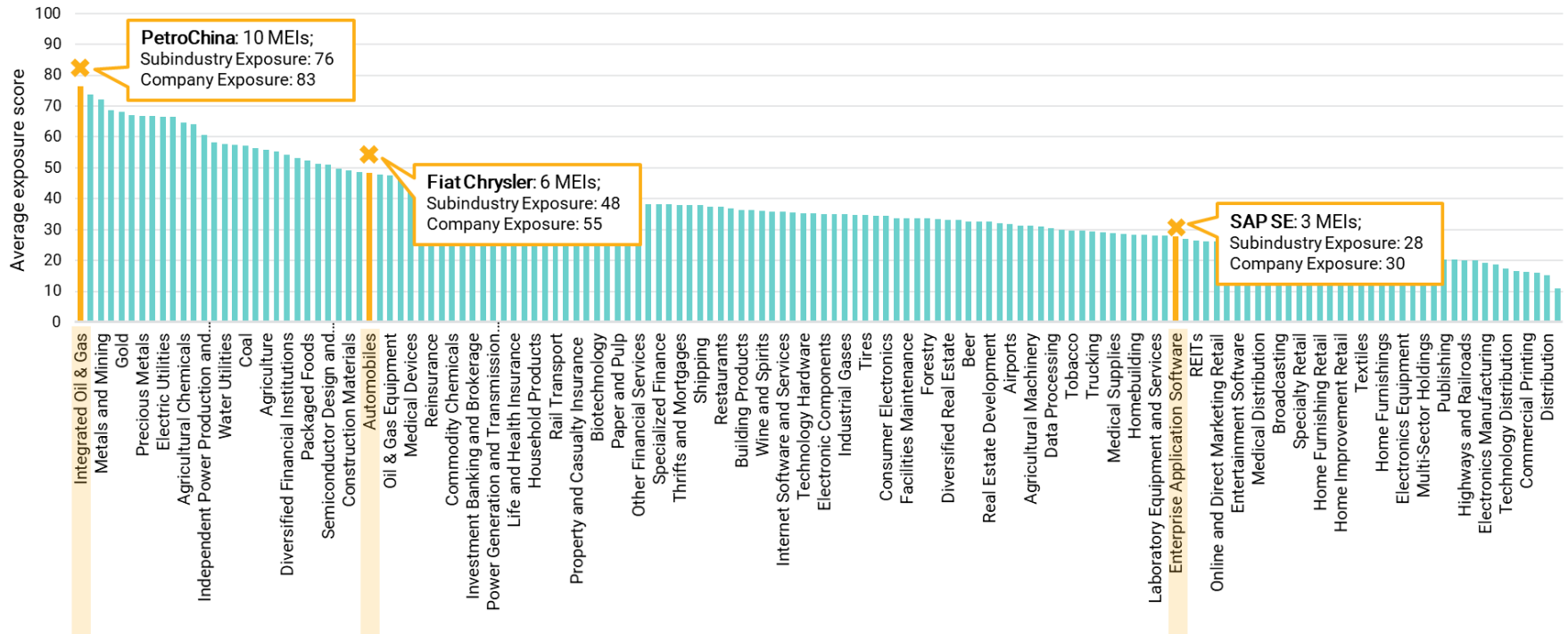
ESG issues that are expected to have a material impact on the enterprise value

- » **Materiality** is a fundamental principle in accounting, finance, and reporting.
- » An issue is considered to be **material**, if its presence or absence is likely to have a (significant) **impact on the market value of an enterprise** and hence on the decisions made by a reasonable investor.
- » From an ESG perspective, Material ESG issues are those that are likely to have a significant effect on a company's EV and its presence or absence in financial reporting is likely to influence the decisions made by a reasonable investor



Average Exposure Scores Diverge Significantly across Subindustries

Drivers: number of material ESG issues, severity of these issue at subindustry level, and beta





Material ESG Issue (MEI)	MEI Description
Corporate Governance	Corporate Governance comprises six pillars: Board/Management Quality & Integrity; Board Structure; Ownership & Shareholder Rights; Remuneration; Audit & Financial Reporting; and Stakeholder Governance. These six pillars represent foundational structures for the management of ESG risks.
Access To Basic Services	Access to Basic Services focuses on the management of access to essential products or services such as health care services and products to disadvantaged communities or groups.
Bribery and Corruption	Bribery and Corruption focuses on the management of risks related to alleged or actual illicit payments, such as kickbacks, bribes and facilitation payments to government officers, suppliers or other business partners, as well as the receipt of those payments from suppliers or business partners. If these are not material in their own right for a subindustry, these issues are handled within MEI.4 Business Ethics.
Business Ethics	Business Ethics focuses on the management of general professional ethics, such as taxation and accounting, anti-competitive practices and intellectual property issues. Business Ethics may include Bribery and Corruption for subindustries that do not have Bribery and Corruption as a separate material ESG issue. Additional subindustry-specific topics – such as Medical Ethics and Ethics regarding the provision of Financial Services, etc. – may also be included in this issue. In additional, ethical considerations related to customer selection may also be included here for some subindustries if products or services may be used to violate Human Rights, for example.
Community Relations	Community Relations focuses on how companies engage with local communities (including indigenous peoples) through community involvement, community development and/or measures to reduce negative impacts on local communities.
Data Privacy and Security	Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data. The emphasis is on measures taken to ensure safe and secure use and/or maintenance of customers' personally identifiable data.
Emissions, Effluents and Waste	Emissions, Effluents and Waste focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions. Depending on the subindustry, emphasis is put on one or several of these waste streams.
Carbon - Own Operations	Carbon – Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics. It does not include emissions in the supply chain or during the use phase/end-of-life cycle of a product.
Carbon - Products & Services	Carbon – Products and Services refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase. This does not include carbon risks related to financial services, which are considered within MEI.17 ESG Integration – Financials.



MEI	MEI Description
E&S Impact of Products and Services	E&S Impact of Products and Services refers to the management of environmental or social impacts of products or services, including: inherent characteristics of input materials, both positive and negative, and impacts during use, disposal and recycling. E&S Impact of Products and Services may include carbon impacts if Carbon – Products and Services is not regarded as a material ESG issue for the subindustry.
Human Capital	Human Capital focuses on the management of human resources. It includes the management of risks related to scarcity of skilled labour through retention and recruitment programmes, and includes career development measures such as training programmes. Additionally, it includes labour relations issues, such as the management of freedom of association and non-discrimination, as well as working hours and minimum wages.
Human Rights	Human Rights focuses on how companies manage and respect fundamental human rights within their own operations. Emphasis is on measures taken to protect civil and political rights as well economic, social and cultural rights, including child and forced labour.
Human Rights - Supply Chain	Human Rights – Supply Chain focuses on a company’s management of fundamental human rights issues occurring in its supply chain. For subindustries that rely on conflict minerals, this also includes a company’s handling of conflict minerals in its supply chain.
Land Use and Biodiversity	Land Use and Biodiversity focuses on how companies manage the impact of their operations on land, ecosystems and wildlife. Topics covered include land conversion, land rehabilitation and forest management, as well as the protection of biodiversity and ecosystems.
Land Use and Biodiversity - Supply Chain	Land Use and Biodiversity – Supply Chain focuses on how companies manage the impact of their suppliers’ operations on land, ecosystems and wildlife.
Occupational Health and Safety	Occupational Health and Safety focuses on the management of workplace hazards affecting a company’s own employees and on-site contractors. Where relevant, the issue may also include HIV/AIDS programmes.
ESG Integration - Financials	ESG Integration – Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunity considerations. This issue includes an institution’s own current assets, including direct investments, corporate credits or stakes in project financing, as well as assets managed for clients. Product offerings can span a wide spectrum of product types, starting with ESG investment funds, microfinance products, etc. The issue also includes the consideration of ESG criteria in real estate investments, such as green building initiatives.
Product Governance	Product Governance focuses on how companies manage their responsibilities vis-à-vis clients (quality and/or safety of their products and services). Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility. For Media companies, this issue also includes the management of content-related standards, such as journalistic standards and the protection of sources (Media Ethics).
Resilience	Resilience focuses on the financial stability and the management of related risks in the financial services industry, with emphasis on compliance with capital requirements. This issue applies to financial institutions that pose systemic risks and therefore potential external costs to society in case of bailouts by taxpayers.
Resource Use	Resource Use focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks. Though water use is a main focus, the issue can also include the management of critical raw materials that are either scarce or difficult to access, through recycling programmes, the substitution of less scarce materials and/or eco-design.
Resource Use - Supply Chain	Resource Use – Supply Chain focuses on how efficiently and effectively a company manages risks related to water scarcity and raw material inputs (excluding energy and petroleum-based products) within its supply chain.



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Society of Actuaries in Ireland

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Q & A
