

What Is ESG - Socially Conscience Awareness - Part 2 of a 3 Part Series

Understanding the dynamics behind Environmental, Social, and Governance (ESG) can be complex at times, as guidelines and parameters evolve throughout the industry. As a recent form of identifying and recognizing companies based on specific characteristics, ESG is becoming broadly accepted as its understanding takes hold. ESG is considered a financial philosophy where investors inspect these non-traditional aspects of companies, in addition to traditional formats of analyzing companies.

ESG considers the environmental side of a company, evaluating the effects the company at hand has on the natural environment around it. For example, one may consider the company's role in climate change, deforestation, energy efficiency, or waste. With a rise and the expectation of continuing "green" legislation around the world, many companies are adhering to environmentally friendly solutions in order to comply with ESG.

The ESG strategy will also consider the social aspects of the company, which encapsulate the company's treatment of customers, employees, and the communities in which they reside. To effectively evaluate these aspects, one can look through how the company ranks in regard to work-life balance, high customer satisfaction, high labor standards, and customer service.

Source: Staff Editorial

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