

Integrating Social Issues Into Investment Research

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full conversation*

Investors should consider social factors like human rights in their analysis

Beyond solely analysing financial metrics, we believe investors should consider social factors in their valuation analysis. In our view, companies that respect human rights and prioritize worker safety are more likely to endure, and therefore make a better investment. Investing with a social lens applies to developed countries as well as emerging markets. The treatment and experience of employees are relevant to modelling a company's cost base looking forward, when calculating changes to workers' salaries, for example.

Delving into data and disclosures gives you a fuller picture

Investors may not see the complete picture if they rely only on corporate ESG disclosures to assess companies. Increasingly available labor data can offer more substantial insights into a company's adherence to ethical standards. Without quantitative data such as workforce diversity or employee turnover, it becomes challenging to fully understand a company's situation. A data-driven approach also helps when engaging with corporate management and differentiating between companies in the same sector to identify those with existing or potential labor issues.

Collaboration helps identify long-term investment opportunities

The increase in disclosures and data creates a good environment for investors who are willing to dig deeper and work together. Bringing together portfolio managers and engagement specialists in a collaborative way can help identify arbitrage opportunities or better materiality discovery when evaluating the long-term thesis for a company. We believe there is substantial potential for investors willing to integrate these social factors into their investment decisions.

We welcome the opportunity to discuss sustainability themes with you.
Please contact allangles@mfs.com and we will be happy to help.

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