

# The G Factor

Today's world is changing, led by long term transitions: demographic, technological, environmental and related to corporate governance. In this interview, Amber Fairbanks and Manon Salomez, ESG analyst, give their view on the impact of Covid-19 on corporate governance, and share Mirova's vision, putting the emphasis on the creation of shared value over the long term.



**Amber Fairbanks, CFA.\***

Manager of the Global Sustainable Equity Strategy  
Mirova US\*\*



**Manon Salomez**

ESG analyst  
Mirova



## At a glance

- ▶ We don't believe that the pandemic was an inflection point for corporate governance, but it clearly accelerated a pre-existing and necessary corporate transition towards a fairer capitalism.
- ▶ Advocating stakeholders' value and not just shareholder value has always been at the core of Mirova's vision, and thus since inception in 2014.
- ▶ In order to ensure we invest in companies sharing our vision of sustainable corporate governance, we try to use as many tools as we find relevant, including a robust voting and engagement policy

## Do you believe the current crisis is an inflection point for Corporate governance?

First, we think it is important to highlight that, while governance can generally be defined as a system of entities that governs an area of activity, the term is frequently used to describe different realities. The development of responsible investment is closely linked to the consideration of ESG<sup>1</sup> criteria. While the SDGs<sup>2</sup> are intended to comprehensively address environmental and social issues, they only partially address governance issues. **That said, good governance is central to the delivery of sustainable development at companies' level:** a well-functioning board with a good representation of companies' stakeholders, robust internal controls, and executive remuneration that integrates environmental and social issues into business practice are key to ensuring that companies deliver a positive impact on society. We believe good governance of public institutions is equally necessary to deliver wellbeing for citizens.

1 – Environment, Social, Governance  
2 – Sustainable Development Goals

\*CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute. \*\*Mirova US is a U.S.- based investment advisor that is a, wholly owned affiliate of Mirova. Mirova is operated in the U.S. through Mirova US. Mirova US and Mirova entered into an agreement whereby Mirova provides Mirova US investment and research expertise, which Mirova US then combines with its own expertise when providing advice to clients.



In 2020, as the pandemic occurred, the scrutiny on corporations needed to think through their stakeholders and their broader impact on society and the planet has heavily increased. As such, we wouldn't say that the pandemic was an inflection point for corporate governance, but we believe it clearly accelerated a pre-existing and necessary corporate transition towards fairer capitalism. Fortunately, companies had started to question their business model and the way they interact with suppliers, contractors, customers and communities before the various lockdowns and economic turbulences.

“ In other words, the discussion on how the G-factor could play a role in transforming the society and the environment was already initiated. ”

### How so?

For example, back in 2019, the Business Roundtable, a group of 250 CEOs of large US companies announced that they no longer would prioritize shareholder value, but that their companies, by embracing sustainable practices across their businesses, should support the communities in which they work and protect the environment.

Yet, we feel the pandemic has been a major upheaval for us all, as individuals, citizens, companies, and investors. It severely impacted global public health, as well as our economies and societies. Companies had to face many challenges, having to handle day-to-day operations while protecting the health and

financial security of their employees. Since the beginning of the pandemic, we witnessed companies adopting short-term measures such as paid leave, donations to hospitals, employees' bonuses, extension of payment terms for suppliers to support their stakeholders. Nevertheless, the transition towards fairer capitalism will be supported by longer-term measures, such as favoring better representation of employees within the board or include sustainable development criteria in top management's compensation.

### How do you support the transition towards a fairer capitalism at Mirova?

At Mirova, in 2020, we encouraged the companies we engage with to be cautious when it came to dividends distribution, but also to maintain employment, prioritize health and safety, and maintain supplier/customer relationship. Advocating stakeholders' value and not just shareholder value has always been at the core of Mirova's vision, and thus since inception in 2014. This long-term approach of responsible capitalism has even been embedded by our recent recognition as a B-Corp<sup>1</sup> and mission-led company<sup>2</sup>. At the end of the day, we aim at investing in companies that not only are delivering solutions to the sustainable development goals, but also integrating sustainability in their corporate governance. As a responsible investor, we seek to have the largest positive impact possible in promoting the development of a corporate vision focused on the creation of shared value over the long term.

1 – For more information: [www.bcorporation.net/about-b-corps](http://www.bcorporation.net/about-b-corps)

2 – For more information: [www.entreprisemission.com](http://www.entreprisemission.com)



## What are the levers to encourage changes in corporate governance?

In order to ensure we invest in companies sharing our vision of sustainable corporate governance, we try to use as many tools as we have available. We actively engage with companies, in order to create an environment conducive to responsible investment. In that regard, we encourage companies to adopt objectives which are in line with the UN Sustainable Development Goals (SDGs), but also to improve transparency in relation to their sustainability efforts and their overall practices: for example, by developing solutions for ESG issues.

We also send the companies engagement priorities each year, alongside focusing on

mitigating climate change or preserving biodiversity, we highlight our expectations regarding the integration of sustainability at the core of their governance and demonstrating enhanced transparency on sustainability impacts. We also focus on reducing inequalities (shared value creation, gender diversity). Last, but not least, we encourage shareholders to promote our vision of what a company should be through our voting policy, based on 4 main pillars: As investors, we believe companies aligning sustainably will lead to a positive, long-term value creation that benefits both shareholders and the broader stakeholder community.

**“ As investors, we believe companies aligning sustainably will lead to a positive, long-term value creation that benefits both shareholders and the broader stakeholder community. ”**

### The 4 pillars of Mirova's voting policy\*

- 1 Foster committed shareholder ownership
- 2 Create governing bodies which support stakeholder governance
- 3 Compensate stakeholders in a fair and sustainable way
- 4 Communicate fully and transparently with stakeholders



## Legal information

### About Mirova

Mirova is an asset-management company dedicated to sustainable investment and an affiliate of Natixis Investment Managers. Thanks to its conviction-led management style, Mirova's objective is to combine a quest for long-term value creation with sustainable development. Pioneers in many areas of sustainable finance, Mirova's talents are committed to innovation in order to provide their clients with high environmental and social impact solutions. Mirova and its affiliates manage €19.6 billion as of 31 December 2020. Mirova has been awarded the [B Corp](#)\* label and the status of "Entreprise à Mission" (mission led company). Mirova US is a U.S.- based investment advisor that is a, wholly owned affiliate of Mirova. Mirova is operated in the U.S. through Mirova US. Mirova US and Mirova entered into an agreement whereby Mirova provides Mirova US investment and research expertise, which Mirova US then combines with its own expertise when providing advice to clients. Mirova US manages 4,96 bn USD as of as of 31 December 2020.

\*References to a ranking, award or label do not prejudice the future performance of the strategies/or the managers.

The views and opinions expressed may change based on market and other conditions. This document may contain references to copyrights, indexes and trademarks that may not be registered in all jurisdictions. Third party registrations are the property of their respective owners and are not affiliated with Natixis Investment Managers or any of its related or affiliated companies (collectively "Natixis"). Such third party owners do not sponsor, endorse or participate in the provision of any Natixis services, funds or other financial products. Natixis Distribution, L.P. is a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers. This information should not be considered a recommendation to buy or sell any security shown.

### This document is a non-contractual document for information purposes only

This document is intended solely for professional and non professional clients as defined by MiFID. If it is not the case and you receive this document by mistake, please destroy it and inform Mirova immediately. immediately.

Otherwise, past performance is no guarantee or reliable indicator of current or future performance. Performance figures are calculated net management and running fees, included safekeeping fees and commissions.

This document is a non-contractual document for information purposes only.

This document does not constitute or form part of any offer, or solicitation, or recommendation to subscribe for, or buy, or concede any shares issued or to be issued by the funds managed by Mirova investment management company. The presented services do not take into account any investment objective, financial situation or specific need of a particular recipient. Mirova shall not be held liable for any financial loss or for any decision taken on the basis of the information contained in this document, and shall not provide any consulting service, notably in the area of investment services.

The information contained in this document is based on present circumstances, intentions and guidelines, and may require subsequent modifications. Although Mirova has taken all reasonable precautions to verify that the information contained in this document comes from reliable sources, a significant amount of this information comes from publicly available sources and/or has been provided or prepared by third parties. Mirova bears no responsibility for the descriptions and summaries contained in this document. No reliance may be placed for any purpose whatsoever on the validity, accuracy, durability or completeness of the information or opinion contained in this document, or any other information provided in relation to the document. Recipients should also note that this document contains forward-looking information, issued on the date of this presentation. Mirova makes no commitment to update or revise any forward-looking information, whether due to new information, future events or any other reason. All financial information, notably on prices, margins or profitability, shall be indicative and shall be subject to change at any time, in particular depending on market conditions. Mirova reserves the right to modify or remove this information at any time without notice.

The information contained in this document is the property of Mirova. It may not be communicated to third parties without the prior written consent of Mirova. It may not be copied, in part or in whole, without the prior written consent of Mirova. The distribution, possession or delivery of this document in some jurisdictions may be limited or prohibited by law. Persons receiving this document are asked to learn about the existence of such limitations or prohibitions and to comply with them.

For more information about our methodologies, please refer to our Mirova website [www.mirova.com/en/research/demonstrating-impact](http://www.mirova.com/en/research/demonstrating-impact).

Non-contractual document, issued in April 2021

### MIROVA

Portfolio management company  
French Public Limited liability company  
Regulated by AMF under n°GP 02-014  
RCS Paris n°394 648 216  
Registered Office: 59, Avenue Pierre  
Mendes France - 75013 Paris  
Mirova is an affiliate of Natixis  
Investment Managers.  
Find out more on: [www.mirova.com](http://www.mirova.com)  
Linkedin :  
<https://www.linkedin.com/company/Mirova/>  
Twitter : [https://twitter.com/Mirova\\_RI](https://twitter.com/Mirova_RI)

### NATIXIS INVESTMENT MANAGERS

French Public Limited liability company  
RCS Paris n°453 952 681  
Registered Office: 43, Avenue Pierre  
Mendes France – 75013 – Paris  
Natixis Investment Managers is a  
subsidiary of Natixis.  
Find out more on: [www.im.natixis.com](http://www.im.natixis.com)  
Linkedin :  
<https://www.linkedin.com/company/natixis-investment-managers>  
Twitter : <https://twitter.com/natixisim>

### MIROVA US

888 Boylston Street, Boston, MA 02199;  
Tel: 857-305-6333  
Mirova US is a U.S.- based investment  
advisor that is a, wholly owned affiliate  
of Mirova. Mirova is operated in the U.S.  
through Mirova US. Mirova US and  
Mirova entered into an agreement  
whereby Mirova provides Mirova US  
investment and research expertise,  
which Mirova US then combines with its  
own expertise when providing advice to  
clients.

MUSTLAE32-21b

## Additional notes:

This material has been provided for information purposes only to investment service providers or other Professional Clients, Qualified or Institutional Investors and, when required by local regulation, only at their written request. This material must not be used with Retail Investors.

**In the E.U.** (outside of the UK and France): Provided by Natixis Investment Managers S.A. or one of its branch offices listed below. Natixis Investment Managers S.A. is a Luxembourg management company that is authorized by the Commission de Surveillance du Secteur Financier and is incorporated under Luxembourg laws and registered under n. B 115843. Registered office of Natixis Investment Managers S.A.: 2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg. Italy: Natixis Investment Managers S.A., Succursale Italiana (Bank of Italy Register of Italian Asset Management Companies no 23458.3). Registered office: Via San Clemente 1, 20122 Milan, Italy. Germany: Natixis Investment Managers S.A., Zweigniederlassung Deutschland (Registration number: HRB 88541). Registered office: Im Trutz Frankfurt 55, Westend Carrée, 7. Floor, Frankfurt am Main 60322, Germany. Netherlands: Natixis Investment Managers, Netherlands (Registration number 50774670). Registered office: Stadsplateau 7, 3521AZ Utrecht, the Netherlands. Sweden: Natixis Investment Managers, Nordics Filial (Registration number 516405-9601 - Swedish Companies Registration Office). Registered office: Kungsgatan 48 5tr, Stockholm 111 35, Sweden. Spain: Natixis Investment Managers, Sucursal en España. Serrano n°90, 6th Floor, 28006, Madrid, Spain. Belgium: Natixis Investment Managers S.A., Belgian Branch, Gare Maritime, Rue Picard 7, Bte 100, 1000 Bruxelles, Belgium.

**In France:** Provided by Natixis Investment Managers International – a portfolio management company authorized by the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) under no. GP 90-009, and a public limited company (société anonyme) registered in the Paris Trade and Companies Register under no. 329 450 738. Registered office: 43 avenue Pierre Mendès France, 75013 Paris.

**In Switzerland:** Provided for information purposes only by Natixis Investment Managers, Switzerland Sàrl, Rue du Vieux Collège 10, 1204 Geneva, Switzerland or its representative office in Zurich, Schweizergasse 6, 8001 Zürich.

**In the British Isles:** Provided by Natixis Investment Managers UK Limited which is authorised and regulated by the UK Financial Conduct Authority (register no. 190258) - registered office: Natixis Investment Managers UK Limited, One Carter Lane, London, EC4V 5ER. When permitted, the distribution of this material is intended to be made to persons as described as follows: in the United Kingdom: this material is intended to be communicated to and/or directed at investment professionals and professional investors only; in Ireland: this material is intended to be communicated to and/or directed at professional investors only; in Guernsey: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Guernsey Financial Services Commission; in Jersey: this material is intended to be communicated to and/or directed at professional investors only; in the Isle of Man: this material is intended to be communicated to and/or directed at only financial services providers which hold a license from the Isle of Man Financial Services Authority or insurers authorised under section 8 of the Insurance Act 2008.

**In the DIFC:** Provided in and from the DIFC financial district by Natixis Investment Managers Middle East (DIFC Branch) which is regulated by the DFSA. Related financial products or services are only available to persons who have sufficient financial experience and understanding to participate in financial markets within the DIFC, and qualify as Professional Clients or Market Counterparties as defined by the DFSA. No other Person should act upon this material. Registered office: Unit L10-02, Level 10, ICD Brookfield Place, DIFC, PO Box 506752, Dubai, United Arab Emirates

**In Japan:** Provided by Natixis Investment Managers Japan Co., Ltd. Registration No.: Director-General of the Kanto Local Financial Bureau (kinsho) No.425. Content of Business: The Company conducts investment management business, investment advisory and agency business and Type II Financial Instruments Business as a Financial Instruments Business Operator.

**In Taiwan:** Provided by Natixis Investment Managers Securities Investment Consulting (Taipei) Co., Ltd., a Securities Investment Consulting Enterprise regulated by the Financial Supervisory Commission of the R.O.C. Registered address: 34F., No. 68, Sec. 5, Zhongxiao East Road, Xinyi Dist., Taipei City 11065, Taiwan (R.O.C.), license number 2020 FSC SICE No. 025, Tel. +886 2 8789 2788.

**In Singapore:** Provided by Natixis Investment Managers Singapore Limited (company registration no. 199801044D) to distributors and institutional investors for informational purposes only.

**In Hong Kong:** Provided by Natixis Investment Managers Hong Kong Limited to institutional/ corporate professional investors only.

**In Australia:** Provided by Natixis Investment Managers Australia Pty Limited (ABN 60 088 786 289) (AFSL No. 246830) and is intended for the general information of financial advisers and wholesale clients only .

**In New Zealand:** This document is intended for the general information of New Zealand wholesale investors only and does not constitute financial advice. This is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and is only available to New Zealand investors who have certified that they meet the requirements in the FMCA for wholesale investors. Natixis Investment Managers Australia Pty Limited is not a registered financial service provider in New Zealand.

**In Latin America:** Provided by Natixis Investment Managers S.A.

**In Uruguay:** Provided by Natixis Investment Managers Uruguay S.A., a duly registered investment advisor, authorised and supervised by the Central Bank of Uruguay. Office: San Lucar 1491, Montevideo, Uruguay, CP 11500. The sale or offer of any units of a fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627.

**In Colombia:** Provided by Natixis Investment Managers S.A. Oficina de Representación (Colombia) to professional clients for informational purposes only as permitted under Decree 2555 of 2010. Any products, services or investments referred to herein are rendered exclusively outside of Colombia. This material does not constitute a public offering in Colombia and is addressed to less than 100 specifically identified investors.

**In Mexico** Provided by Natixis IM Mexico, S. de R.L. de C.V., which is not a regulated financial entity, securities intermediary, or an investment manager in terms of the Mexican Securities Market Law (Ley del Mercado de Valores) and is not registered with the Comisión Nacional Bancaria y de Valores (CNBV) or any other Mexican authority. Any products, services or investments referred to herein that require authorization or license are rendered exclusively outside of Mexico. While shares of certain ETFs may be listed in the Sistema Internacional de Cotizaciones (SIC), such listing does not represent a public offering of securities in Mexico, and therefore the accuracy of this information has not been confirmed by the CNBV. Natixis Investment Managers is an entity organized under the laws of France and is not authorized by or registered with the CNBV or any other Mexican authority. Any reference contained herein to "Investment Managers" is made to Natixis Investment Managers and/or any of its investment management subsidiaries, which are also not authorized by or registered with the CNBV or any other Mexican authority.

**In the United States:** Provided by Natixis Distribution, L.P., 888 Boylston St., Boston, MA 02199 for **U.S. financial advisors who do business with investors who are not U.S. Persons (as that term is used in Regulation S under the Securities Act of 1933) or persons otherwise present in the U.S.** It may not be redistributed to U.S. Persons or persons present in the U.S. Natixis Investment Managers includes all of the investment management and distribution entities affiliated with Natixis Distribution, L.P. and Natixis Investment Managers S.A.

The above referenced entities are business development units of Natixis Investment Managers, the holding company of a diverse line-up of specialised investment management and distribution entities worldwide. The investment management subsidiaries of Natixis Investment Managers conduct any regulated activities only in and from the jurisdictions in which they are licensed or authorized. Their services and the products they manage are not available to all investors in all jurisdictions. It is the responsibility of each investment service provider to ensure that the offering or sale of fund shares or third party investment services to its clients complies with the relevant national law.

The provision of this material and/or reference to specific securities, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any security, or an offer of any regulated financial activity. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. The analyses, opinions, and certain of the investment themes and processes referenced herein represent the views of the portfolio manager(s) as of the date indicated. These, as well as the portfolio holdings and characteristics shown, are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material. The analyses and opinions expressed by external third parties are independent and does not necessarily reflect those of Natixis Investment Managers. Past performance information presented is not indicative of future performance.

Although Natixis Investment Managers believes the information provided in this material to be reliable, including that from third party sources, it does not guarantee the accuracy, adequacy, or completeness of such information. This material may not be distributed, published, or reproduced, in whole or in part.

All amounts shown are expressed in USD unless otherwise indicated.