

## Social – the “S” in ESG: why social topics are becoming increasingly important in sustainable investments

- **EU Social Taxonomy could set unified guidelines and standards**
- **Erste Asset Management has for a long time used social minimum standards in the evaluation of companies and states**
- **Social impact fund ERSTE FAIR INVEST focuses on social themes**
- **Information and insights on the topic of “Social” in our latest ESGenius Letter**

Sustainability and sustainable investment are often associated only with environmental criteria and ecological aspects. However, social factors also play an important role when it comes to investing money responsibly. For example, the UN Sustainable Development Goals (SDGs) include a total of ten goals that address social aspects.

### **Diverse problems and approaches to solutions**

Human rights, child labour, arms production, ... – the range of social issues and problems in the ESG universe is long. At the same time, these cannot be considered in isolation. E, S, and G are inevitably interconnected. For example, the global climate crisis also affects human rights such as the right to water, or issues such as child and forced labour, which are more common due to drought or extreme weather.

As a sustainable investor, we have been concerned for over ten years with social indicators in the evaluation of companies and states. Companies that have been proven to violate human or labour rights, for example, have no place in our sustainable public funds. Child labour, forced labour, and human trafficking are also taken into account here.

### **EU Social Taxonomy could create uniform standards**

However, the lack of a definition of socially sustainable investments is currently still an obstacle. Increasingly, the question arises as to what should be considered investable from a social and ethical point of view and what should not. A possible EU Social Taxonomy could set clear guidelines and standards in this regard.

"We very much hope that our approach will become the standard for sustainable investments at the latest through the Social Taxonomy, which is currently being developed by the European Commission," says Walter Hatak, Head of Sustainable Investments at Erste Asset Management, confidently. In any case, it can be assumed that the attractiveness of companies that already meet certain social standards will continue to increase, says Hatak.

### **ERSTE FAIR INVEST focuses on social topics**

For about a year now, Erste Asset Management has had a social impact fund in its product portfolio, [ERSTE FAIR INVEST](#). This fund focuses on social aspects and concentrates on the topics of work, health & well-being, and society. The aim of the fund is to invest in sound and well-managed companies that have a measurable positive impact on society with their products and services.

"While in recent years we have focused primarily on environmental issues in the area of sustainability, we are now noticing that more and more people are focusing on social issues - i.e. the “S” in ESG," says Bernhard Selinger, fund manager of ERSTE FAIR INVEST, with regard to the relevance of social issues.

In this context, the social performance of companies is also not at odds with profitability and sustainability. "We invest in solid and successful companies that also assume social responsibility. These companies not only do the right thing, but also profit economically from it," Selinger emphasises.

**Information and insights from our experts on the "S" in ESG can be found in our latest ESGenius Letter: <https://blog.en.erste-am.com/dossier/social-the-s-in-esg/>**

**Who we are:**

[Erste Asset Management](#) coordinates and is responsible for all asset management activities including management of investment funds and individual portfolio solutions within [Erste Group Bank AG](#). At its locations in Austria, Slovak Republic, Czech Republic, Romania, Hungary, Croatia, and Germany the company manages assets of about EUR 70.9bn (as of 31.07.2022).

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