

Recommendations regarding the balance of short and long terms for investors and companies

The College of Experts working group

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Companies

- 1.** Explain the company's business model and put it in perspective with its societal commitments
- 2.** Develop integrated communication methods that present a holistic overview of the company within its ecosystem
- 3.** Take up a position regarding the United Nations' Sustainable Development Goals (SDGs) that are relevant for the company
- 4.** Describe the company commitments and actions to combat global warming and to reduce negative externalities
- 5.** Explain how short-term decisions are connected to the long term strategy
- 6.** Justify the balance between executive compensation in the short and long term on the one hand, and financial and extra-financial criteria on the other, in line with the company's strategy.

Investors

- 1.** Value the inclusion of societal commitments in the company's business model
- 2.** Foster company analyses that include environmental, social and governance criteria, and integrate into voting and engagement policies
- 3.** Include consideration of the SDGs in performance analysis
- 4.** Increase standards and transparency regarding the environmental and social impact of investment decisions
- 5.** Better align investment decisions with the time horizon of the often long-term commitments of asset owners in the interests of their final beneficiaries
- 6.** Justify how investors' remuneration lines up with their investments

Methodology

At the beginning of 2019, the College of Experts of the Institut du Capitalisme Responsable (ICR) decided to produce analytical notes on strategic and fundamental themes related to responsible capitalism.

A multidisciplinary working group composed of some members of the College, led by the ICR, was then set up around the theme of balancing the short and long term for investors and companies.

After one year of work, about ten meetings and four plenary sessions with the College and the Board of Directors of the ICR, the working group published recommendations addressed to investors and companies, completed by an analytical note, in order to promote an enhanced dialogue.

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