

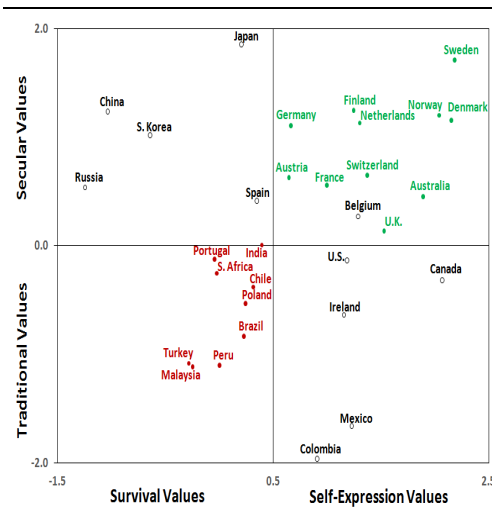
Country Valuation: An ESG Synthesis



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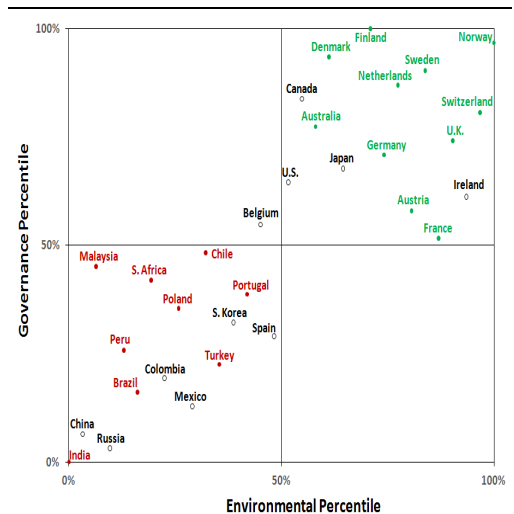
- **An ESG Synthesis.** Effective national governance (“G”) facilitates a country’s efficient transformation of environmental resources (“E”) into wealth. Both are strongly influenced by social factors (“S”).
- **Burdensome Social Characteristics.** By way of example, France’s social objective of maintaining a rural economy necessitates heavy government intervention and likely detracts from its potential for economic development. And “corrupt” Russia ranks poorly for national governance, while its GDP per capita from hectare of ecological consumption is relatively low.
- **Positive Social Values.** A large number of the countries in the World Values Survey whose societies place emphasis on (i) independence of thought and (ii) environmental protection also rank highly by separate quantitative measures for national governance and environmental efficiency.
- **Values and Valuations.** Countries with good “G” and “E” are rewarded in the form of relatively high P/Es. Certain social values make some countries more likely to display a good governance and sustainable approach to managing an economy, and thereby contribute positively to country valuation.

Figure 1:
World Values Survey Cultural Map



Source: World Values Survey

Figure 2:
Governance and Environmental Percentiles



Source: Cornerstone Capital Group



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