The ethics of ESG
Sustainable finance and the emergence of the market as an ethical subject

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Abstract: Sustainable finance is generally understood as the integration of environmental, social, and governance (ESG) considerations into the investment process. Based on participant observation of sustainable finance and impact investing conferences between 2015 and 2020, and a series of interviews with the sustainability team and several portfolio managers at a large European bank in 2018 and 2019, I show how the compulsion to define and measure sustainability indicators reflects the emergence of the market itself as an ethical subject, one that is capable of making the most efficient, and thus the most ethical, decisions. This has implications for ethical intersubjectivity in sustainability more broadly. I situate this claim alongside recent work in anthropology and geography on the translation of social and environmental values into financial values, as well as on work in the anthropology of ethics and its intersection with the anthropology of finance.

Keywords: data, ESG, ethics, finance, intersubjectivity, markets, sustainability

I was sitting next to Mr. Guo at dinner in the private dining room of a swanky hotel in Beijing.[1] The dinner was hosted by the organizers of a small, invitation-only workshop on impact investing that was designed to bring together academics and practitioners. There were a dozen other people at the table, including well-known management and finance professors from Europe, the United States, and China; a handful of graduate students and junior scholars (like me); and a few impact investors, all of whom were there to learn more about impact investing and, of course, to network. Among the practitioners, Mr. Guo was by far the most successful. After selling a popular internet venture and "making more money than [he] knew what to do with," he had lived a life of luxury, collecting expensive cars and houses and taking lavish holidays in places like Bali and the Swiss Alps.

A half-empty pack of expensive *Hongtashan* cigarettes sat on top of two cell phones, a new iPhone and a new Huawei, which were on the floor under his chair. When the waitress came to take our order, Mr. Guo glanced over at the foreign conference organizer, who was still studying the menu, unsure of what to order or how much. Without hesitating, he turned to the waitress and began rattling off a long list of dishes

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in Chinese, much more than we would end up eating. He had only skimmed the menu, and the waitress had to interrupt him a few times to say that the restaurant did not have what he had ordered. Otherwise, she dutifully recorded his order on her tablet. A few moments later, she returned with a tray of cold appetizers, prompting Mr. Guo to tell us that he had been a bachelor for most of his life, claiming with a wry grin as he gazed at the young waitress that he had been quite a playboy. As far as performances of wealthy middle-aged internet tycoons go, Mr. Guo's was Oscar-worthy.

In her research on the Shanghai Stock Exchange, Ellen Hertz (1998) encountered lots of people like Mr. Guo. They are known as *dahu* or "big players," men (mostly) who have a lot of money and seem to eschew many of the moral obligations that characterize contemporary Chinese social relations. They brag about their extra-marital affairs and bring their girlfriends to breakfast rather than hiding them in luxury apartments and buying their silence with expensive gifts. They spend money on themselves but not their friends and colleagues, refusing to cultivate interpersonal relations of reciprocity, or *guanxi*. As Hertz observes: "If *dahu* have an obligation, it is to earn and to spend their money actively and freely, that is, without regard to the dense network of relations which characterizes economic and social exchange in Shanghai generally" (1998: 134).

Whereas stereotypical *dahu* "respect the [Maussian] obligation neither to receive nor to give" (Hertz 1998: 133), Mr. Guo professed a deep commitment to promoting different kinds of social enterprises in China and abroad. At one point during dinner, he said that he once considered pursuing an academic career, but because he did not think he would be able to produce anything as good as *The Communist Manifesto* he had abandoned that goal. Then, he asked himself if he should try and become as rich as Bill Gates. Although he was convinced that he could make that much money if he wanted to, he dismissed Gates as "boring." He told us that it was easy to get rich, but that it was a real challenge to make a positive impact on the world. This was surprising, since lots of people I have interviewed and observed over the past few years have pointed to Bill Gates as precisely the kind of "effective altruist" the world needs. Mr. Guo, however, seemed wholly unconvinced by this Gatesian fantasy of a philanthrocapitalist utopia, even as we became too tipsy from the constant flow of Tsingtao beer to remain focused on its shortcomings.

The next day, only slightly hungover, we all met at the university to discuss the future of impact investing. A few prominent academics offered their analyses of the "impact investing landscape," their talks peppered with references to social theory, academic finance research, and the occasional industry report. As the day wore on, a theme emerged: impact investing has been slow to go mainstream not because it is unprofitable, but because, like "sustainability" more generally, "impact" is poorly defined, too ambiguous for investors to get behind. After lunch, Mr. Guo took the stage. Where the academics had stood behind the podium and pointed to their PowerPoint presentations or paced back and forth as if they were lecturing in front of a classroom full of students who needed to be "activated," Mr. Guo easily commanded everyone's attention. His PowerPoint presentation had been professionally edited. He regaled us with a sobered-up version of his life story, euphemistically referring to his decision to sell his internet company as "getting some financial freedom," smirking to let everyone know that what he really meant was that he had become exorbitantly wealthy. He joked, again, about his inability to write a book as good as *The Communist Manifesto* and insisted, again, that he could have been as rich as Bill Gates if he wanted, but that Bill Gates was boring.

This time, he elaborated: whereas Gates simply throws money at problems, hoping they will be solved, Mr. Guo uses his social and financial acumen to solve problems efficiently, creatively deploying his (and other rich people's) wealth to generate positive impacts. While Gates, in other words, is a philanthropist—even if he is a hyper-utilitarian "effective" philanthropist (see McGoey and Thiel 2018: 123)—Mr. Guo imagines himself harnessing the power of the market to generate social and environmental impacts, which he considers more sustainable because it does not depend on the whims of a single rich person. His theory of the causal relationship between impacts and investments turns on an understanding of the market as a self-regulating entity, as something that, given certain inputs, can be expected to yield certain outputs. The market, in other words, emerges in Mr. Guo's worldview as an ethical subject capable of yielding *ethical* outcomes because of its ability to yield *efficient* outcomes, but only if it has the right information (and, crucially, the right *kind* of information) to do so.

Behind him, a photo flashed onto the screen of poor people in China's rural hinterlands. He asked why these communities were being excluded from the immense wealth that was being created in urban financial centers, suggesting not only that it was unethical that they were being "left out and left behind," but that investors like him could use the market to improve their lives and livelihoods. Unlike Hertz's *dahu*, Mr. Guo seemed both deeply concerned about—and morally obligated to improve—"the dense network of relations which characterizes economic and social exchange" in China, an ethnical subjectivity that was mediated by the dynamics of the financial market. As Giulia Dal Maso (2020) has recently argued, understanding the particular subjectivities of different groups of investors is crucial to understanding the variegations of contemporary capitalism, especially in the context of financialization.

The biggest challenge for impact investing, according to Mr. Guo, is that investors and analysts have not developed tools to actually measure impacts. This makes it difficult to integrate impact as a tangible or "actionable" dimension of the investing process, since it does not "fit" in the financial models that investors use to make investment decisions. Impact, in other words, remains illegible in the hegemonic and hegemonizing gaze of conventional finance. Mr. Guo echoed the preceding speaker's academic argument that "the biggest challenge for the operationalization of impact investing is the measurement and management of impact." This turned out to be one of the workshop's key takeaways. Over the course of three days, nearly every speaker called explicitly for the development of standardized methods to measure and evaluate social and environmental impacts, which they saw as the main impediment to "mainstreaming" impact investing.

What does the compulsion to define, quantify, and measure these impacts tell us about the ethics of sustainable finance in particular and the ethics of sustainability more generally? In this article, I am interested in how sustainable finance practitioners' preoccupation with quantifying and measuring social and environmental impacts both moralizes the process of investing and shifts the moral obligation to be impactful onto the market itself, what Ananya Roy (2014: 106–107) understands as the "ethicalization of market rule" and the subsequent transformation of "the market itself . . . into an ethical subject." As I will show, the transformation of the market into an ethical subject involves engaging with the market as if it is an actor capable of making decisions based on a variety of inputs, and thinking of these decisions (and the effects of these decisions) in ethical terms. The market as an ethical subject, then, becomes an important aspect of sustainability professionals' own ethical subjectivities.

The present, past, and future of ESG

Concerns about the reliability of techniques to measure social and environmental impacts pervade sustainable finance, which Swiss Sustainable Finance (SSF) defines as

> any form of financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large. . . . Activ-

> ities that fall under the heading of sustainable finance, to name just a few, include sustainable funds, green bonds, impact investing, microfinance, active ownership, credits for sustainable projects and development of the whole financial system in a more sustainable way.[2]

Intentional ESG integration is what distinguishes sustainable finance from conventional or traditional finance. Investors tend to think of ESG integration as another form of risk management, expounding a neoclassical argument that the more information investors have about the market and its participants the more efficient their investment decisions will be. Because of that, sustainable finance *qua* ESG integration can be difficult to distinguish conceptually from fundamental investing to the extent that investors are interested in firm-specific information as a form of risk management (Van Duuren et al. 2016). Nevertheless, ESG analysis is becoming increasingly mainstream as financial institutions come to see their social and environmental impacts as another form of risk that needs to be managed. Even BlackRock[3] and Goldman Sachs[4] have turned their attention to ESG investing over the past few years. Business schools, too, are starting to offer classes in ESG analysis, though these courses are typically marginalized by finance professors themselves, who seem to consider sustainability somewhat frivolous.

It is useful here to consider both the history of ESG and the way ESG advocates narrate and mobilize that history as the basis of their assertions about the future of sustainable finance. In a recent article on the social origins of ESG, Robert Eccles and colleagues (2020) trace the history of ESG to socially responsible investing (SRI) initiatives that began as early as the nineteenth century, when faith-based organizations in particular started to impose restrictions on the kinds of enterprises in which their money could be invested. This kind of exclusionary investing gained momentum in the twentieth century in the context of the Civil Rights Movement in the United States, the Vietnam War, apartheid South Africa, and environmental concerns, among other things. They claim that the term "ESG" first appeared in a 2004 report by the United Nations Global Compact (UNGC), which is "a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals" (UNGC n.d.). The report invited financial analysts "to better incorporate environmental, social and governance (ESG) factors in their research where appropriate and to further develop the necessary investment know-how, models and tools in a creative and thoughtful way" (UNGC 2004: ii). Recognizing that the world has become "increasingly complex and interconnected," the authors of the report bemoaned the failure of the financial industry to "[develop] a common understanding on ways to improve the integration of environmental, social and governance (ESG) aspects in asset management, securities brokerage services and the associated buy-side and sell-side research functions," a failure that was "due partly to the complexity and diversity of the issues involved" (UNGC 2004: 1).

This 2004 UNGC report along with a 2005 report by the UN Environment Programme's influential Finance Initiative (UNEP-FI) form the "backbone" of the UN Principles for Responsible Investing (PRI), a set of six principles launched in 2006 that "were developed by investors, for investors" and that "offer a menu of possible actions for incorporating ESG issues into investment practice" (UNPRI n.d.). Like the Global Compact, the PRI consists of "signatories" who commit to these principles without any oversight or repercussions for failing to adhere to them. Nevertheless, Eccles and colleagues, like numerous other ESG proponents,[5] take the rapidly growing number of signatories over the past fifteen years as a proxy or "barometer of the growing awareness of ESG issues among investors and their inclusion in investment decisions" (2020: 577). This growing awareness, they argue, translates to a growing demand for ESG data, which "has spurred the creation and growth of an entire industry of ESG data vendors in a relatively short period of time, those looking to use ESG data for the first time may find it challenging to navigate the wide range of offers available in the ESG data market" (2020: 577).

This history grounds claims about the future of ESG investing, especially the challenges it must overcome to generate positive social and environmental impacts alongside competitive financial returns. Awareness leads to demand, which leads, in turn, to overwhelming proliferation of data. (Note the similar trajectory of more traditional approaches to SRI, which also started with an awareness of some social ill—from the divinely prohibited to the politically sensitive—and led to a demand for more information and the subsequent launch of several ethical investing consultancies.) Hacking through this jungle of often contradictory indicators becomes the main goal, and the principal task, of those interested in ESG investing. By foregrounding questions about the quality, coherence, and "social life" of ESG data, assumptions about what the integration of this data in investment processes can actually achieve gets pushed aside, and the idea that better data will lead to better social, environmental, and financial performance comes to be taken for granted, much like it was in nearly all of the presentations I observed in Beijing.

"We rely on data"

During my first interview at Norebank, I explained to Johan, a communications manager on the bank's sustainability team I connected with via social media, how more and more anthropologists had turned their ethnographic gaze to corporations and other financial institutions over the past few decades. I described some of the observations these scholars have made. He was particularly interested in Stefan Leins's (2018) arguments about the precarious role that financial analysts play in the investment process: economic theory says that there's no way to beat the market, but the job of financial analysts is precisely to try and make predictions about an unpredictable market in order to beat that market, putting them in the uncomfortable position of having to constantly justify their own work by narrating the market as knowable relations between different actors. I asked what Norebank had been doing with regard to ESG integration. He responded that ESG was really difficult to measure, which he interpreted as a threat to the legitimacy of the bank's sustainability claims. "You cannot tell the world you're doing this [sustainable investing] if you can't measure it." He asked: "What kind of data is to be trusted?" before telling me that "we can't go out and talk to every company. We rely on data." He moved on to a discussion of "good" versus "bad" data, suggesting that the most challenging part of his team's work was making sure they were able to find "the right data." His preoccupation with accurate, consistent, and reliable data, especially firm-level data, turned out to be the key issue for both the sustainability team and the portfolio managers at Norebank.

A few weeks after my meeting with Johan, I met with Sammy and Tobias, who help manage Norebank's ESG analysis team of around a dozen people. Their jobs revolve around collecting, "cleaning," analyzing, and communicating ESG data to the bank's portfolio managers, who are often skeptical of the "added value" of ESG integration. This data comes from disparate sources, from sustainability indexes like those provided by Morningstar and the Dow Jones Sustainability Indexes (DJSI), from sustainability analytics companies like Sustainalytics and RobecoSAM, from Bloomberg terminals, and from their own research on specific companies' various social and environmental scandals. These datasets often tell contradictory stories, and the ESG team's job is to find out which data and datasets are the most reliable, to tidy them up, and make them "look like" the kinds of financial indicators that portfolio managers are not only more familiar with, but that they also find much more convincing and trustworthy in the context of their role, which is to do nothing other than increase the financial value of their portfolios.

As I heard from numerous members of the sustainability team and from many of the portfolio managers, "speaking the same language" is crucial, which helps explain why most of the sustainability team has a background in conventional finance. It also explains why the sustainability team feels so compelled to make sure the ESG data they share with portfolio managers is quantitative, which they find more trustworthy because they associate numbers with objectivity and rigor, and which they perceive as more legitimate in the context of investing. As if I were not sufficiently convinced that their jobs were difficult, Tobias pulled up a picture on his iPad and handed it to me by sliding it across the table. It was a graph with companies' ESG scores according to MSCI on the y-axis compared to those same companies' ESG scores according to FTSE on the x-axis. (MSCI and FTSE are both well-known providers of stock market indexes.) There was a huge disparity between the two indexes' ratings, meaning that many of the companies that MSCI rated as "high ESG performers" (i.e., relatively sustainable) were "low ESG performers" according to FTSE, and vice versa. Tobias grinned. "Crazy, huh?"

The reliability of ESG data was not the only problem for finance professionals interested in integrating ESG considerations into their investment decisions. A few months later, during a Skype interview with two portfolio managers that Sammy and Tobias set up for me, Jim complained that ESG ratings were similar to credit ratings to the extent that they only told you how a company had performed in the past, and were therefore not very helpful in making "prognoses" about a company's future performance. ESG indicators, he told me, are "lagging" rather than "leading." I asked if he could pinpoint the moment during the investment process where ESG indicators are most important. He responded by saying that they are "sort of aware of all the different aspects of risk in a company [they invest in] from the beginning, and of course I would say that it's something that's important. It's part of our investment decision all the way through, and we are aware of that. We are maybe not aware of it in a *systematic* way but we're definitely aware of it." He continued that ESG could "definitely be a reason . . . for *not* investing in a company. We might say: 'Well, this is just too big a risk to take, because we feel that at the end of the day it will be a negative trigger to the share price and we won't invest in the company.'" His colleague Ronald interjected:

> That's the real issue that Jim brings up here, that everything we do is to try to look into the future and forecast what is going to happen with this company. And our traditional background is to do it from a financial point of view, so [we] do prognoses of the revenue and the earnings and so forth and the cash flow and then discount it back to see its value: Is that higher or lower than the current price? That's what we do. So for us to think that the ESG issues are really relevant, then it should be part of this prognosis.

ESG, in Jim and Ronald's view, is almost synonymous with sustainability, and for sustainability-as-ESG to be "really relevant"—in order to be "systematically" aware of sustainability—it has to be legible from the perspective of "traditional" or conventional investors, who personify the perspective of the market. In other words, it is not sufficient for Jim, Ronald, and presumably other human investors to be "aware" of a company's social and environmental impacts; the market must be aware of those impacts, too. The translation of social and environmental impacts into quantitative indicators—what Jim is alluding to when he talks about being aware of different aspects of risk in a *systematic* way—is a precondition of the market's awareness of these issues, prefiguring its ability to respond to them.

The most straightforward way to render sustainability legible from this perspective is to think of it as a form of risk, which makes it relatively easy to incorporate, discursively at least, within their conceptualization of investing as a consideration of risk and return, a basic tenet of contemporary finance. Sarah Bracking (2019) shows how risk plays an increasingly important role in what she calls the "climate finance *dispositive*" and what we might think of as a more general sustainable finance *dispositif* or apparatus, a key component of which is the "moral propositions" that underlie sustainable finance practitioners' politico-economic claims.[6] This resonates with other analyses by anthropologists and geographers of risk in the context of sustainable finance (e.g., Christophers 2019; Sullivan 2018; Tripathy 2017). What this scholarship has quite clearly demonstrated is that sustainable finance practitioners in numerous contexts feel compelled to "translate" both the socio-environmental contexts and the socio-environmental impacts (the causes and effects, the conditions and consequences) of their investments into particular forms of risk that are legible within the dominant mode of investment decision-making, whether they are legal risks, climate risks, or reputational risks. The production and dissemination of quantitative, data-driven reports that translate various aspects of economic life into forms of risk that are legible to investors is a key part of this, reports that narrate "acceptable engagements" with nature and society that render these domains legible in particular, "actionable" ways (Tripathy 2017: 246). Indeed, this is the primary task of Norebank's ESG team and, according to many of the people who presented at the Chinese impact investing conference, the biggest challenge for the impact investing community, the biggest impediment, in other words, to their collective, market-mediated impactfulness.

Moral markets and the ethics of efficiency

A key driver of my interlocutors' preoccupation with quantification and datafication is the idea that, with the right kinds of data, the market will be able to generate the most efficient outcome not only from an economic perspective, but from a social and environmental perspective as well. Economic theorists have long conflated mathematical efficiency with social optimality (see, e.g., Pareto 1897), and the anthropologist Horacio Ortiz (2013) shows how this peculiar notion of efficiency—as the point on a graph where supply meets demand or where (marginal) cost meets (marginal) benefits—easily shifts from an economic value to an ethical value. Building on this, David Graeber (2013) theorizes infravalues and metavalues: efficiency, in Graeber's reading, is a "tacit interior value" (infravalue) that is a means to an end rather than an end in and of itself; and yet it can be translated into a metavalue (a criterion by which we can choose one value structure over another) in practice, as "efficiency" has indeed become a "metavalue" in the work of economists, bankers, development agents, "neoliberals," and sustainable finance practitioners. Not only that, but efficiency (as metavalue) plays an important role in determining what other values are worth pursuing (e.g., equality, development, sustainability, etc.; see also Keane 2008).

The growing interest in different modes of sustainable finance, especially in a world still dealing with the fallout of the 2008 financial crisis, according to Christian Berndt and Manuel Wirth, is one of many "strategic attempts to re-moralize and humanize markets and capitalism" (2018: 28). Rather than creating a "discursive veil" that allows them to "distance themselves from . . . the financial market," however, my interlocutors tend to do exactly the opposite: they explicitly and consistently situate themselves in the middle of the market, which, for them, is precisely the conduit through which the ethicality of their investments is generated. For these actors, only the market can generate the most efficient—and thus the most ethical—outcomes.

This is a crucial point. It builds on observations in anthropology and related disciplines that markets not only reflect various moral values (see Browne and Milgram 2009), but are increasingly "ethicalized" (Roy 2014). Roy (2014) makes this point quite clearly in her introduction to a set of essays on neoliberal poverty alleviation programs. A system wherein some actors profit (often immensely) from their ostensible efforts to combat poverty—as in the impact investment imaginary, especially—will strike many observers as obviously problematic. The same might be said of efforts to "do well by doing good" more generally, where investors claim to be able to reap substantial windfalls from investing in socially and environmentally friendly companies. As Roy observes:

> The conversion of [social and environmental issues] into spaces for enterprise and profit is both complex and fragile. It requires elaborate practices of calculation and rationalities of risk, as well as nimble forms of expertise. It requires formatting social infrastructures as an infrastructure for global capital. . . . It requires converting the urgent temporalities of need into repetitive contracts of long-term profit. Prone to dissent and disorder, bottom billion capitalism and disaster capitalism are thus always under construction, never guaranteed. (Roy 2014: 106)

The fragility of this conversion, according to Roy, "necessitates the *ethicalization of market rule*," which refers to "the struggle to retool practices of calculation and rationalities of risk to take account of, and even mitigate, the exploitative character of bottom billion [or ethical, sustainable, responsible, etc.] capitalism." Analyzing the rise of microfinance as both a "highly popular poverty intervention" and as "an asset class yielding robust rates of return in financial markets," she interprets sustainable finance as a form of global finance's self-disciplining, representing the "ethicalization of finance" and, consequently, the transformation of "the market itself" into "an ethical subject" (Roy 2014: 106–107).

Understanding the emergence of the market as an ethical subject is crucial to understanding the ethics of sustainable finance and the quantification and measurement of impacts that defines it. One thing my interlocutors share is the belief that investing can be part of an ethical life, but the insistence that the impactfulness of investing should not rely on an individual's morality, which they dismiss as philanthropy. As Jacob Hellman (2020) has recently shown, this appears to be a fundamental characteristic of impact investing, which I would argue characterizes sustainable finance more generally:

> For many [impact investors], what authorizes oneself to become a valid judge of social value is undergoing a conversion they call an "*a-ha!* moment." Here the term refers not to a scientific insight, but to an ethical one. Frequently striking after a career in the private sector, it ties together a desire to *do good* via one's wealth, with the conviction that entrepreneurship—and not philanthropy—is the most effective means. (Hellman 2020: 103)

Whether they work in sustainable finance, corporate sustainability, or sustainable finance, sustainability professionals often invoke some episode from their own life or a personal ethical orientation as a way to explain their interest in sustainability—a childhood memory of traveling in a now-threatened wilderness or a conviction that nature has more value than just its financial worth (see Archer 2021). At the same time, they are very hesitant to evaluate their employers' sustainability efforts through the lens of their own personal moral convictions, careful to rely on "objective" sustainability indicators that would allow the market to yield sufficient outcomes on their behalf.

This was clear in my conversation with Jim and Ronald, two of the portfolio managers at Norebank I introduced above. During the interview, they struggled to give examples of when ESG indicators had been useful, but they were able to speculate about when ESG integration *might* help (or might have helped) them decide whether to invest in a company or not, or even whether to divest. One example revolved around executive pay, which they saw as a prototypical example of the G (governance) in ESG. It can be difficult in Europe, they told me, to hire executives from the United States and the United

Kingdom because in the Anglo-Saxon system executives expect much higher levels of compensation than many Europeans are willing to tolerate, demanding tens of millions of dollars per year in different forms of remuneration (salary, stock options, etc.) whereas their European counterparts are often happy with a fraction of that.[7] Ronald recalled that, when he worked at a different bank one of the companies they invested in wanted to recruit an executive from the United States, but ended up hiring someone else because the candidate wanted $100 million in "fixed and variable pay." This was absurd, he said, provoking a laugh from Jim, who told me that "we think a little bit differently about pay in our society."

But Jim and Ronald vacillated between ethical-cultural logics and market logics, demonstrating the fuzzy boundaries of these ostensibly distinct realms. Jim was worried that an executive who made $100 million a year would lose the incentive to work hard, suggesting that paying someone that much money would go against the interests of the shareholders, no matter how talented the executive might be. A moment later, Roland said that "if we look at senior management earning $100 million, it is probably not sustainable for a company rooted in this part of the world to have that kind of inequality." He immediately corrected himself—"But that's a personal view"—before reiterating Jim's earlier point about incentive structures, telling me that executives, too, "need something to strive for." If they were thinking about investing in a company that paid its senior management hundreds of millions of dollars a year, they would be forced to ask whether "the incentive program is structured in the right way" to prevent well-paid executives from "maximizing in the short term" before they "run away with half of the bank, and then afterwards, we have nothing left."

Another example revolved around a mining company in Latin America, where a leaky dam had polluted hundreds of square miles of land and "killed some people." Although they had not invested in the mining company, it was a supplier to some other companies they had invested in, raising thorny ethical questions about the boundaries of responsibility. Nevertheless, Ronald felt compelled to conceptualize pollution and murder in terms of risk, specifically the financial risks that an investor would have to deal with if they decided to invest in that particular mining company or other companies to which it supplied raw materials. He explained:

> You can say this is a financial risk, a foreign company operating mines that have these dams that can leak, and it could create a huge mess. So you can say that's an ESG risk translating into a financial risk, and you will have to take that into account when doing your financial calculation. That's an example of where it becomes a very financial objective, but it is still an assessment of what the risk is behind these dams. That's one risk within a mining company, assessing how these dams are constructed. Is there a risk that they will leak? And if they leak what will be the financial implications of this? That is a sort of an environmental risk translating into the financial.

In both cases, Ronald and Jim's ambivalence is apparent and is only resolved through recourse to the market's own ethical subjectivity. In the first case, the incentive structure of the labor market yielded, in their "personal opinion," the most ethical outcome precisely because it was the most efficient in economic terms. They imagine "the G in ESG" allowing them to account for that, and then, crucially, allowing the market to determine the right outcome. In the second case, ESG indicators (here, emphasis was on the E and S) help "translate" the ecocidal tendencies of the modern corporation (Whyte 2020) into a financial risk. In both cases, my interlocutors were careful not to make ethical judgments about leaky dams and overpaid executives from their personal perspective, but to think about these issues in terms of "objective" indicators that the market is able to use to make its own judgments. That is, rather than deciding not to invest in a mining firm because they personally believe toxic pollution and murder are immoral or deciding not to invest in a company that pays its CEO $100 million a year because they are ethically opposed to the kind of inequality such a high salary would reflect (and contribute to), Ronald and Jim want the market to yield these outcomes on its own, using the kind of ESG indicators their colleagues in the sustainable department work so hard to produce and disseminate. For these actors, the "intention of doing good is not enough. . . . [I]t is ultimately the *market* that has to make sure that what is good is also efficient" (Berndt and Wirth 2018).

Conclusion: Ethical (inter)subjectivity in sustainable finance

In the context of sustainable finance, the market's transformation into an ethical subject relies on a few intersecting phenomena: first, the concomitant status of "efficiency" as both an economic *and* an ethical value, one that subsequently grounds other ethical evaluations; second, the belief that the market, as long as it has complete and accurate data (or what economists like to call "perfect" or "near-perfect information") about social and environmental concerns, will yield efficient—and thereby ethical—outcomes; and third, the tacit conflation of efficiency with sustainability; and fourth, the presumed inevitability of sustainability under the condition of perfectly or near-perfectly informed markets. The market is an ethical subject to the extent that it makes sense of complex information about the social, environmental, and economic dimensions of investment opportunities, and it yields the efficient distribution of capital. In this context, efficiency is ethical, so the market's ability to determine these efficient outcomes imbues it with an ethical subjectivity.

The market's ethical subjectivity is an important element of investors' own ethical subjectivities, since engaging with the market as an ethical subject that yields ethical distributional outcomes is important in justifying their own moral commitments to sustainability as a data- and market-driven enterprise, perhaps especially in cases of unsustainability.

It also explains how attempts to impose "subjective" rules on investments (such as "Do not invest in oil companies because they are bad") get labeled as *unethical* because they are (economically) inefficient. Failing to frame investment decisions in a way that corresponds to the logic of the market, in other words, renders those decisions unethical because they do not take advantage of the market's ability to identify efficient outcomes, opting instead for outcomes that might be inefficient. By relying on the market to identify the most efficient and thus the most ethical investment opportunities, sustainable finance practitioners mitigate their own ethical responsibility for outcomes that are ultimately less than ideal: it's not their fault a mining corporation destroyed a watershed by dumping toxic chemicals or that a CEO was incentivized to maximize the value of a company in the short term at the expense of its long-term viability, nor is it the market's fault *per se*; rather, it's a failure of companies to adopt standardized reporting frameworks and to accurately disclose their social and environmental impacts, a failure of data providers to provide complete and consistent data about ESG issues, a collective failure to agree on a sufficiently rigorous and easily measurable definition of "impact," or some other data-centric failure that negatively affects the market's ability to achieve efficiency.

Data, after all, is how markets *see*, how they dole out moral judgments and govern those who fall under their panoptic gaze (Fourcade and Healy 2017). Marion Fourcade and Kieran Healy (2017) have described contemporary organizations' compulsion to collect vast amounts of data as the "data imperative": organizations collect data because of institutionalized myths about what organizations should look like. "Organizations," they argue, "believe they should be in the data collection business, even when they do not yet know what to do with what they collect," and "it does not matter that the amounts [of data] collected may vastly exceed a firm's imaginative reach or analytic grasp. The assumption is that it will eventually be useful, i.e. valuable" (2017: 16, 13). For my interlocutors, however, it is not about what their organization will do with these increasingly vast amounts of data, but about what the market will do with them. Perhaps the "data imperative," then, is at least partially motivated by the ethical subjectivities of people working within organizations, who see their own ethicality as mediated by what they believe is the exclusive ability of markets to yield efficient, and thus ethical, outcomes. My interlocutors' engagement with the market as an ethical subject depends on their assumption that it will act in a certain way. Indeed, their own ethicality depends on their assumptions about how the market works, its internal logic, how it makes sense of information, and what kinds of decisions it will make based on that information—how, in other words, it behaves.

This raises another, broader question about the inherent *intersubjectivity* of markets and morals. As Jarrett Zigon (2012: 209) argues, "morally being-in-the-world" is less a matter of "shared meaningful understandings" and more a matter of embodied intersubjectivity. Zigon contends that "words and utterances need not always, or even primarily, act to convey meaningful propositions or representations, but instead are better understood as a means by which individuals attempt to intersubjectively live in and live through their world together" (2012: 209). These morally intersubjective engagements, he argues, "are perhaps best described as embodied struggles to 'deal' with the various questions, dilemmas, and obstacles encountered in moments of moral breakdown" (2012: 210). To the extent that my interlocutors invoke the ethical subjectivity of the market in their own narrative accounts of what is right and wrong in the context of their work—such as allowing the market to determine whether to invest in a dirty mining company or leaving it to the market to make sure poor children in rural China are not excluded from the rapid economic development of urban areas—the ethics of ESG are inherently intersubjective.

And yet, if intersubjectivity is the "existential foundation for all possible sociality" (Zigon 2010: 214), what does it mean that "the market" constitutes one of my interlocutors' primary intersubjective engagements? Here, Alessandro Duranti's account of intersubjectivity is helpful, specifically his claim that intersubjectivity is a "precondition for interaction" (2010: 24), that is, a condition of possibility for, rather than an effect of, communication. Interacting with the market is ultimately what sustainable finance practitioners are trying to do, a fact evidenced by their interest in "translating" social and environmental concerns and "speaking the same language" as those who they see as more familiar with the market, and in their commitment to "harnessing the power of markets [to] protect our environment and prevent its rapid destruction," as a recent op-ed in the *Financial Times* described the salvific potential of sustainable finance (Paulson 2020). To the extent that intersubjectivity is a precondition for interaction, and to the extent that intersubjectivity presupposes multiple subjects, the market as an interactant is also, necessarily, a subject.

For Duranti, intersubjectivity is "participation in a world inhabited by Others . . . even when the Others are not physically co-present" (2010: 27). His goal in theorizing intersubjectivity is to "found a truly interdisciplinary study of *human* sociality" (2010: 17, emphasis added), and while intersubjectivity may very well be "foundational to human-specific modes of interaction . . . , the agents or selves in question don't need to be individuals, or even humans" (Kockelman 2013: 90). For Paul Kockelman (2013), intersubjectivity is merely a shared awareness of something and a mutual awareness of that shared awareness. This does not require an assumption of mind-reading, against which Duranti cautions us, but rather an assumption of semiotic interpretability. What ESG investors are trying to achieve with all their hard work of collecting and analyzing ESG data—a goal shared by all those involved in the development of ESG reporting standards and ESG investing frameworks, etc.—is to make sure the market aware of social and environmental issues by making sure those issues are accounted for, and to make sure the market is aware that investors are also aware of these issues, so it will reward them by increasing the financial value of their sustainably managed portfolios.

As ESG investing commands an increasingly prominent role in discussions about sustainable futures, it is important to think about modes of ethical intersubjectivity, which is a condition of possibility for ethical interaction, that rely on assumptions about how the market behaves—assumptions that are often wrong or assumptions that in turn rely on other, unrealistic assumptions. In the case of sustainable finance, these assumptions are as numerous as they are untenable: the assumption that a free market yields ethical outcomes, the assumption that a "free" market can exist at all, the assumption that more data will make markets more efficient, and the assumption that sufficient amounts of sufficiently high-quality data will ever be available. Alongside these assumptions about the market's behavior, my interlocutors' ethical subjectivities also rely on assumptions about their colleagues, including assumptions about their colleagues' assumptions. In order for Norebank's sustainability analysts to act in a way they deem ethical, for example, they have to make assumptions about how the market works *and* they have to make assumptions about the assumptions of portfolio managers responsible for acting on (or ignoring) their analyses. These assumptions (about assumptions about assumptions . . .) are a complex but ethnographically tractable key to (ethical) intersubjectivity. And throughout all this, it is important to remain critically attuned to the market's remarkable ability to transform from a proxy for human actors to an actor in its own right, and to the politics of this shifty transformation (see Archer and Elliott 2021).

However the market might appear to behave, and however it acts and interacts with others, behind its quasi-algorithmic determination of what is efficient and thus what is ethical, real people are affected by investments in mining companies, social development projects, companies with overpaid CEOs, and all sorts of other ventures. People's livelihoods are destroyed, and their environments are polluted. In the midst of what Elizabeth Kolbert (2014) has called the "sixth extinction" and what David Whyte (2020) has diagnosed as profit-driven "ecocide," it is clear that the ethics of sustainability extend far beyond the human, that our fates are intimately and inextricably linked.

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Notes

1. All names are pseudonyms. This article draws on fieldwork conducted among sustainability professionals, including sustainable finance practitioners, between September 2015 and August 2016 in Geneva, Switzerland. It also draws on more recent episodes of participant observation at sustainable finance conferences and workshops in different places, including China, Western Europe, and the United States. Finally, it draws on a series of interviews conducted in 2018 and 2019 with the sustainability team and several portfolio managers at a large European bank (Norebank, also a pseudonym).
2. https://web.archive.org/web/20201020210036/https://www.sustainablefinance.ch/en/what-is-sustainable-finance-_content—-1—1055.html.
3. https://web.archive.org/web/20201111204444/https://www.blackrock.com/corporate/investor-relations/blackrock-client-letter.
4. https://web.archive.org/web/20201028015908/https://www.goldmansachs.com/insights/pages/gs-research/sustainable-esg-investing-f/report.pdf.

5. Robert Eccles is a well-known management scholar at Oxford's Saïd Business School and a prominent voice in discussions about ESG integration. Linda-Eling Lee is a managing director and global head of ESG research at MSCI, which is among the most influential providers of ESG research and indices. Judith Stroehle is the research and program lead of the public-facing Initiative on Rethinking Performance at Saïd Business School.
6. Bracking follows Michel Foucault in defining a *dispositif* as "a thoroughly heterogeneous set consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral, and philanthropic propositions . . . [and] the network that can be established between these elements" (2019: 714).
7. As an aside, after our interview, a bit of curious Googling revealed that the CEO of my local bank growing up in Mississippi, BancorpSouth (ca. $21 billion in total assets), makes a higher salary than the CEOs of substantially larger European banks like ING (ca. €900 billion), Nordea (ca. $600 billion), Crédit Agricole (ca. €1.7 trillion), Danske Bank (ca. €500 billion), and Intesa Sanpaolo (ca. €800 billion).

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