

INDOS is proud to provide a range of services for clients who incorporate environmental, social and governance (ESG) considerations into their investment businesses. Our monthly newsletter 'ESG Insight' will provide you with the latest news and views on ESG, helping you to stay on top of developments in this increasing area of focus.

CLIMATE CRISIS: FIRES IN AUSTRALIA



There has been extensive global media coverage over the past fortnight of the continuing bushfires devastating large parts of Australia. Beyond the detailed daily reporting of the damage and deaths being caused by the fires, a large proportion of the coverage has focused on the reaction - or lack of reaction - from Australia's political leaders, particularly prime minister Scott Morrison.

"So far, the Australian bushfire season has burned through about 5.8m hectares of bush, known across the world for its unique flora and fauna. Ecologists say the months of intense and unprecedented fires will almost certainly push several species to extinction." ■

The Guardian, 3rd January 2020



NEW ESG DISCLOSURE REQUIREMENTS FOR EU FUNDS AND ASSET MANAGERS

A new **EU Disclosure Regulation EU/2019/2088** ("Disclosure Regulation") on disclosures, to be made by asset managers and investment funds relating to sustainable investments and sustainable risks, has been published.

This is part of the European Commission's Action Plan for Sustainable Finance, which sets out the EU strategy to integrate environmental, social and governance considerations into its financial policy framework.

As part of the regulations, asset managers will need to explain on their website how they factor "sustainability risks" into the investment decision-making process. They will also have to explain whether they take into consideration adverse sustainability impacts on investment decisions, and, if so, how. Alternatively, they should give clear reasons why such sustainability factors are not considered, if this is the case.

The deadline for implementation is 10 March 2021. ■

CORPORATE ACTIVITY

CVC
Capital Partners

ecovadis

Private equity heavyweight CVC buys \$200m stake in sustainability ratings firm EcoVadis

Private equity heavyweight CVC - the former co-owner of Formula 1 - has bought a \$200m stake in sustainability ratings firm EcoVadis, in the latest in a string of investments into ESG data and analysis companies.

DWS Group takes minority stake in Arabesque's artificial intelligence arm

DWS Group has acquired a 24.9% stake in Arabesque AI, the latest in a string of investments from Germany's leading financial players into ESG-focused Arabesque Group. Arabesque AI uses artificial intelligence (AI) to predict stock price developments.

Trucost, South Pole, Sustainalytics, Grizzly Ratings, Carbon Delta, Beyond Ratings, Oekom, GMI Ratings, Vigeo Eiris, 427, Solaron, Minerva and Refinitiv have also been party to acquisitions or significant investments since 2015. ■



BLACKROCK - LARRY FINK'S 2020 LETTER

It's the third year BlackRock's Larry Fink has released a letter with distinct sustainability undertones.

Days before the letter was released BlackRock joined the Climate Action 100+, a group that pushes for the heaviest emitters of greenhouse gases to reduce their environmental impact.

The letter really focused on one theme, climate-related risks and how these risks will rapidly affect the price of securities and the cost of capital for firms which do not react appropriately. To this end, they will divest from firms receiving >25% of their revenue from thermal coal - in their active funds, not passive. ■

If you'd like to keep on top of ESG developments and receive 'ESG Insight' in your email every month, you can subscribe here.



HEDGE FUND TCI VOWS TO PUNISH DIRECTORS OVER CLIMATE CHANGE



Sir Christopher Hohn, the Founder of TCI, seeks disclosure of emissions.

The FT reports that they have seen communications showing that TCI has warned Airbus, Moodys and other large firms that they must disclose more information regarding their pollution, or it will vote against its directors. Since this news, Moodys, in which TCI has a 3% stake, responded by pledging to do better with their climate reporting.

"Asset owners should fire asset managers that do not require such disclosure," Sir Christopher said. He also accused BlackRock, the world's largest asset manager, of "greenwash" because it does not require emissions disclosures. ■

More information can be found at www.indosgroup.com/services/esg or contact Seymour Banks, Head of ESG Services, INDOS Financial Limited

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