INDOSFINANCIAL
INDEPENDENT FUND OVERSIGHT

# ESG INSIGHT

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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.

## ESG PODCASTS

Staying updated on the newest trends in ESG and climate change is becoming more important. Our clients, employees and even our children are pushing us to understand more about the topics associated with the climate crisis.

These podcasts cover developments in regulations, science or the changes needed by business which will give your ESG knowledge an edge. INDOS has collated some of the best produced podcasts which you can find on most of the podcast apps as well as Spotify to keep you in the know in between your monthly ESG insights.

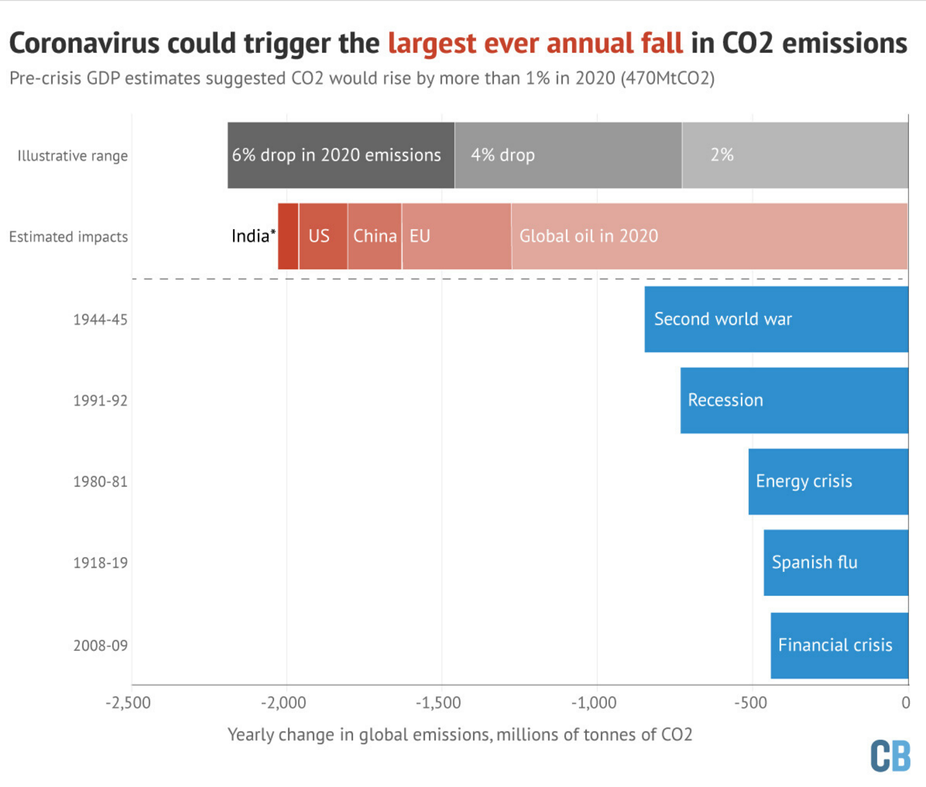
**Want an ESG summary?**
ESG Now is a very short weekly podcast by MSCI which takes a look at the high level ESG news in the week from across the world.


**Short for time?**
Yale's center for environmental communications releases a daily 90 second take on climate and business.


**Detail oriented?**
GARP has just begun a series on the regulations around climate risk which brings in experts from regulatos to practitioners.


**Prefer easy listening?**
People Fixing the World is an optimistic podcast from the BBC World Service on diverse and more positive topics around climate.

# CLEARING THE AIR




Sourced from Carbon Brief

Across the world there have been news stories of dolphins and fish returning to the canals of Venice and huge drops in greenhouse gas emissions over major cities as industrial activities have fallen.

Last month we reported that there had been a lowering of nitrogen dioxide over China as reduced industrial production decreased demand for electricity. New York has experienced a similar effect as the drop in commuting traffic has produced a 10% decrease in CO2 compared to last year. The aggregate reduction in greenhouse gas emissions is already significant.

Carbon Brief, a think tank, estimates a reduction of approximately 1750m tonnes of CO2.

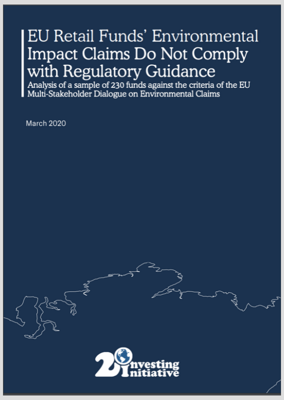
A good illustrative example of this can be found in the aviation industry, just last year they were going to implement corsia, an industry wide carbon offsetting scheme which would keep average aeroplane emissions at 2019/20 levels. Now airlines are looking for government bailouts and considering turning their backs on this costly, yet desperately, needed scheme. Proponents argue governments should attach green targets to any bailouts provided so that industries do not return to old polluting behaviours which cost the environment. We are in a far better position with  momentum from investors and regulators alike to redirect the recovery towards greener investments and industries.

## EU BENCHMARK REGULATION

The European Commission has outlined plans to exclude tobacco producers from the Paris-aligned Benchmark, the more ambitious of two new regulatory categories for green indices, introduced under the EU Action Plan on Sustainable Finance. This comes after a similar controversy over removing nuclear power from the EU Green Taxonomy, essentially saying the activity is not green.

# GREENWASHING IN EU RETAIL FUNDS

While over half of EU retail funds make an environmental impact claim in their marketing documents, 99% of those claims are not complying to EU rules. This finding is according to an in-depth analysis of funds totaling €139 billion AUM by the think tank 2Degrees.




52% of those funds (€58bn) have claimed that investors are contributing to a positive environmental benefit by investing but the majority of the funds failed one of the tests in the EU's Unfair Commercial Practices Directive.

Almost all claims showed no "verifiable environmental benefit or improvement" evidence with 8% incorrectly attributing environmental benefits to the fund which were factually incorrect and the remainder making claims which were too broad.

**Example of inaccurate claims made by a manager**

*"Our fund invests in environmentally innovative companies. By investing in our fund, you reduce greenhouse gas emissions by 25% compared to an investment in a conventional fund."*

→

**Issue with the statement**

The fund has compared carbon footprints associated with the companies in the portfolio with the market average and presenting the difference as "a reduction" in the real economy.

The cases in the study all related to the lack of evidence supplied by the fund to the investor and the verification of the claims. This is doubly frustrating for investors as the majority, two thirds according to 2Degrees, wanted to have an environmental impact. Apart from in France where this is now a criminal offence, there are no sanctions for offenders in the EU.

**If you would like to keep on top of ESG developments and receive ESG Insight in your email every month you can subscribe here**

**For more information contact:**

Seymour Banks, Head of ESG Services

+44 (0) 203 876 2348

sbanks@indosgroup.com

carbon footprint standard
Carbon Neutral Organisation

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PRI Principles for Responsible Investment