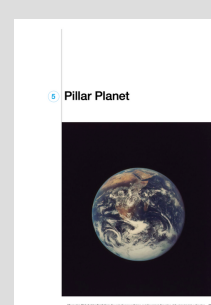
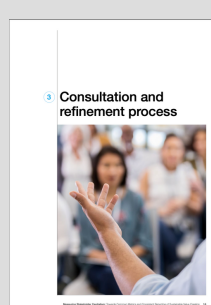
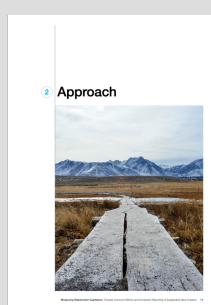
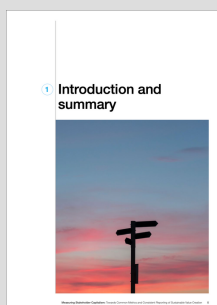
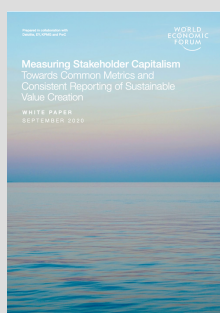


INDOS is proud to provide a range of services for clients who incorporate environmental, social and governance (ESG) considerations into their investment businesses. Our monthly newsletter 'ESG Insight' will provide you with the latest news and views on ESG, helping you to stay on top of developments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

Big four weigh in on ESG reporting



The report is available on the World Economic Forum website

In the alphabet soup that is ESG and sustainability reporting, the Big Four accounting firms have proposed a joint reporting framework on ESG. This comes only a month after GRI and SASB, two of the large reporting initiatives, made the largely symbolic move to look for commonalities between their reporting frameworks.

The Big Four collation is led by the International Business Council, headed by the chief executive of Bank of America and released by the World Economic Forum. The framework contains 21 core metrics and 34 extended metrics, covering issues ranging from emissions to social factors such as pay, gender ratios and governance targets.

There have been many frustrations over the reporting frameworks currently in use as few are comparable and specialise in different area. Mark Carney's TCFD focuses on climate risk. However, these frustrations may be to the advantage of the Big Four.

As they are established auditors in market leading positions questions may be asked about the appropriateness of firms auditing and consulting on the standards they helped create. Independent standard creating bodies such as SASB and GRI will take time to align their frameworks. The ESG industry should monitor the developments within this space.

European Regulation news

PRI publishes case studies demonstrating practical use of EU taxonomy

In late August a PRI working group of mainly investment managers released the results of comparing their ESG portfolios to the EU's flagship sustainable finance regime, the EU Taxonomy. While few managers scored highly the results show that the EU Taxonomy can be used by investment practitioners to assess a range of portfolios ranging from forestry to fixed income.

The report (1), which was released by the PRI, documents several case studies outlining the challenges they faced when undertaking the taxonomy alignment. Core to these challenges was accessing the right data to prove that there was no significant harm to other environmental goals which are set by the EU. This means an investment manager, in order to have an investment classed as sustainable, will need to obtain data which shows that a portfolio has no significant impact on levels of pollution or harm to biodiversity. Faced with these managers opted to source third party data to construct risk assessments but found data tended to be qualitative.

The PRI stated that "Despite the practical challenges of trialling a new type of disclosure framework, many signatories demonstrated that the taxonomy is operational and that taxonomy-alignment results are both useful and necessary as we continue our efforts towards a more sustainable financial system."

1 <https://www.unpri.org/eu-taxonomy-alignment-case-studies/eu-taxonomy-alignment-case-study-stepstone-group/6395.article>

2 <https://influencemap.org/report/Sustainable-Finance-Policy-Engagement-ae2640f0ab05a86c3a53359b0c5a3057>

Think Tank report shows the extent of industry lobbying against taxonomy

More on the EU regulations, the Think Tank InfluenceMap, which maps the lobbying efforts of companies and industry bodies, highlights that BlackRock, UBS, BNY Mellon and Invesco have pushed against more stringent green regulations.

The InfluenceMap report (2) is based on more than 2,000 articles of evidence across 83 entities which were used to derive metrics on how actively an organisation had engaged with the Action Plan, and the degree of support or opposition. The NGO said it had "consulted extensively" with the groups and organisations named in the report.

It outlines that only 5% of the large financial groups have strategically backed the EU flagship regulation on sustainable finance while the majority of industry bodies stand in the way of increasing green finance regulations. On the other side BNP Parabis, Aviva and Groupe BPCE have all given the regulations their backing and support. InfluenceMap added that all three are also active in promoting and supporting policies in the media.

Further, it names industry bodies which are the furthest behind the market in their support for the EU taxonomy suggesting that managers could be pushing bodies to dissent, which could lead to further claims that greenwashing is still very present in the industry.

For more information contact:



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