EMERGING ESG CHALLENGES

SYLVIE GOULARD

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When realism means grasping more: acting only on climate change is no option

In 2015, the United Nations defined sustainable development goals (SDGs) to be reached by 2030. One among 17 SDGs, climate action has led to considerable effort from finance, although making financial flows consistent with climate objectives as per the Paris Agreement requires further effort. Yet, the financial sector has started paying greater attention to other environmental, social and governance-related (ESG) topics. To quote but a few examples, the issuance of social bonds surged to protect health in the pandemic, while consideration for the environment beyond climate increased, as countries are heading to Kunming to adopt the Post-2020 Biodiversity Framework. However, the last SDGs Report (2020) warns that even before the pandemic, we were not in track to reach the SDGs by 2030, which would *"demand nothing short of a transformation of the financial, economic and political systems that govern our societies today."*

While there can be a fear of biting off more than what finance can chew, treating climate in isolation is illusory. Encompassing interrelated sustainability issues may indeed help mobilise finance and people for climate change mitigation while enhancing the resilience of nature and societies, which is key to adaptation and to conducting the necessary transformation. On the one hand, climate action is crucial to meet other SDGs. As the Intergovernmental Panel on Climate Change (IPCC) highlights, climate change puts food and water security at risk, affects human health and increases inequalities, even more so for groups that are marginalised, e.g. on the basis of gender. On the other hand, securing access to food, water or health care is key to the resilience of societies in the context of climate change, and inequalities fuel climate change, with richest countries and individuals responsible for most emissions.

Finance and companies have to consider emerging sustainability issues despite challenges.

Relations between climate and biodiversity, which go in both directions, have attracted particular attention, see e.g. the workshop report co-sponsored by the IPCC and IPBES (2021), its equivalent for biodiversity and ecosystem services. Connections between human, animal, plant and planet health (One Health) also came to the fore with the pandemic.

Certainly, trade-offs between the various dimensions of sustainable development can appear. Examples include increased land artificialisation and mining to develop renewable energy production, or reduced purchasing power and employment due to higher carbon prices and tighter environmental regulations without compensation. The current context also shows that efforts are not always rewarded: in the case of dairy farming, larger supply of organic milk is available after years of adaptation, but in a context of increased inflation, many consumers cannot afford to buy organic. Public policies have a role to play in a fair transition, as the EU Just Transition Mechanism and Social Climate Fund illustrate.

For its part, the financial sector should look for synergies, wherever possible. In fact, transformation opens up new investment opportunities, for nature-based solutions as well as new technologies. While this is not always profitable at first, much can be done with the support of public and development finance: e.g. the Agence Française de Développement is committed to dedicate 30% of its climate financing to investments with co-benefits for biodiversity by 2025. Besides, progress can be made on certain fronts, such as on gender and diversity more broadly (e.g. men have held 93% of ECB governing council positions), without any trade-off with other ESG dimensions, and maybe even leading to greater consideration for emerging challenges.

Albeit each issue has specificities, there seems to be enough similarities for finance to leverage the work made on climate change and the related risks. The EU disclosure framework that covers both climate and other sustainability issues is key for more transparency on sustainability-related risks and opportunities. Globally, the International Sustainability Standards Board is also meant to develop baseline disclosure standards beyond climate. It is complemented by issue-specific initiatives, such as the Taskforce on Nature-related Financial Disclosures. As to risk assessment, the Dasgupta Review (2021) and researchers within central banks, starting with De Nederlandsche Bank (2020) and Banque de France (2021), have begun warning about biodiversity-related financial risks that may – like climate-related risks – be classified between transition and physical risks, including litigation risks.

Hence, finance and companies have to consider emerging sustainability issues despite challenges, for their staff, for their clients, because they are part of society and not only because of regulators' pressure. As for climate, the sooner the transformation starts, and the more orderly it is conducted, the better.

THIERRY MARTEL

Chief Executive Officer - Groupama

Setting realistic ESG ambitions for the financial sector

It behooves Eurofi to ask the question of realism when defining contributions of the financial sector to the United Nations' sustainable goals. Blue sky thinking is fine, but there is a difference between ambition and overreach; one cannot run a firm to the ground for the sake of misplaced militantism. Indeed, the right approach for setting ESG ambitions starts with the G: a financial firm, properly governed, will define at Board and ExCom levels its ambition as regards corporate responsibility, which covers both the S of social goals and the E of environment. A mature conversation includes the competitive environment, employment policy, use of energy and other material resources to determine the size, location, composition and pay structure of our workforce, and our product offering. This conversation covers also how much the way we do business contributes to maintaining the social fabric and how much it enables innovation to address the challenge of climate change. This is true for firms of all kinds, whether they are financial, industrial, or otherwise.

I am convinced that European financial firms are among the most advanced in running these conversations at governing level and in making the hard choices they imply – because indeed these are business decisions calling for tradeoffs and progressivity like any other. The title of our round table refers to emerging ESG issues such as biodiversity or other unspecified topics – I would put to others the proposition that being realistic also means to focus first on the main topics: how much our employment policy strengthens or weakens labor participation and equality, and whether our offers contribute or not to the efficient use of finite resources. For insurers, repairing rather than replacing, using videoconferencing rather than physical travel, substituting electronic mail for millions of paper contracts and invoices are also ways to limit our carbon footprint.

Financial firms have an extra role to play on ESG issues: not only do we determine our own ambitions, but we are in a position to weigh on the ESG course of our clients and on the ESG policies of the companies we invest in. Let's start with our clients. For insurers, this is in part old wine in new bottles – helping our clients prevent claims, making it worth their while to invest in the safety of their homes, of their buildings and factories, is a mainstay of the insurer's business. Insurance pricing embeds a risk assessment which translates into fewer accidents, or into claims of lesser severity, and thus helps avoid or reduce destruction of human and physical capital. Likewise, proper credit writing by banks avoids the extension of capital to ventures unlikely to succeed and thus the consumption of physical resources for little or no use.

Deadlines for disclosure coming before data can be gathered will not lead to useful outcomes.

Avoiding pointless infrastructure projects, bridges to nowhere and the construction of untraveled roads is a worthwhile contribution of private financial firms. Financial firms help their clients steer their own capital and resources in a productive, energy-saving way. This is a longstanding contribution of finance to society, to keep in mind when assessing finance contribution to the United Nations' sustainable goals. Measuring and reporting this contribution is difficult, and will not happen overnight; indeed, if we have some progress in environmental taxonomy, we can't say the same for social taxonomy. A realistic timetable is needed here as well – rushing obligations and defining unattainable deadlines for disclosure before a taxonomy is defined and the data is gathered will not lead to useful outcomes.

Let's turn to our role as institutional investors. The blunter instrument is exclusion. Investors will turn away more and more from companies whose policies are beyond the pale: companies which use forced labor, which sanction corrupting kickbacks, or which contribute to the dirtiest energy extraction. Emerging ESG topics such as biodiversity can be addressed by this route of exclusion, for instance divesting from companies which are at the center of deforestation.

The better instruments at the disposal of institutional investors for weighing on ESG policies of traded companies are shareholder participation and voting policies. We weigh on firms to adopt a multi year strategy to address inequality in their workforce or pay policy, or to reduce their carbon footprint. Here also, the instrument of shareholder participation is equally well-suited to address central ESG challenges and emerging ones such as preventing further loss of biodiversity. There are existing metrics for this activity as investors, well suited for ESG issues as a whole.

To conclude, progress on taxonomy, on data and disclosure will continue apace; financial firms are fully invested in ESG policies; and regulation should set an ambitious but realistic timetable to help us all attain the United Nations' sustainable goals.

OLAF SLEIJPEN

Member of the Board, Executive Director of Monetary Affairs - De Nederlandsche Bank (DNB)

Like climate-related risks, ESG risks deserve our full attention

Like many other central banks and supervisors, we are deepening our understanding of how other environmental and social challenges besides climate change could translate into financial risks. Biodiversity loss is often considered one of the greatest risks to society and the economy. This is why we have analysed the extent to which financial institutions in the Netherlands are exposed to risks related to biodiversity. As in the case of climate-related risks, we have identified physical and transition risks. Firstly, biodiversity loss gives rise to physical risks as Dutch financial institutions have considerable exposure to firms that are highly dependent on ecosystem services.

Secondly, government actions aimed at reducing biodiversity loss lead to transition risks facing financial institutions that have high exposure to firms contributing to biodiversity loss. In earlier studies we found that Dutch financial institutions are also exposed to financial risks stemming from other sustainability-related challenges, such as water stress, raw material scarcity and human rights controversies.

As a prudential supervisor we expect financial institutions to adequately manage sustainability risks. Pursuant to European law and international standards, financial institutions are required to have sound risk management practices in place, enabling them to understand and manage all material risks, which include sustainability risks. Managing sustainability risks starts with embedding them into the governance, strategy and risk management cycle.

First and foremost, it is important that financial institutions assess the extent to which sustainability risks are a material source of financial risk for their portfolios.

Second, as in the case of climate-related risks, when identifying and assessing sustainability risks, they must formulate concrete metrics and limits and use forward-looking methods such as scenario analyses, stress tests and alignment methods to mitigate identified risks. Lastly, it is important that financial institutions report meaningful information and indicators on material sustainability risks.

> **Managing ESG risks starts with embedding them into governance, strategy and risk management.**

Although financial institutions are making good progress in their awareness of sustainability risks, embedding these risks into core processes could be further improved. A survey we conducted among Dutch pension funds, insurers and banks showed that they are making headway in embedding sustainability risks into their core processes. However, this is typically limited to climate-related risks.

Furthermore, many financial institutions have not adequately embedded sustainability risks into their risk management cycle or they find it difficult to measure sustainability risks. Also, reporting on sustainability risks could be further improved.

These result are in line with the ECB's supervisory review on climate-related and environmental risks, which shows that few European banks have integrated climate-related and environmental risks into their core processes. This is especially true of 'non-climate-related' environmental risk drivers, such as biodiversity loss and pollution.

It is encouraging to see that integration of ESG risks in the international prudential framework is making good progress. In 2020, the ECB published its guide on climate-related and environmental risks. Recently, the European Commission has put forward proposals to further integrate ESG risks into the CRD and Solvency II directives. For pension funds, ESG risks have been embedded in the IORP II directive since 2019. In developmental terms, climate-related and environmental risk management requirements have reached the highest maturity. It makes sense to prioritise these, as not everything can be done at the same time. We believe, however, that social and governance risks must also be tackled as a matter of some urgency, as studies indicate they could be important too.

Next to the microprudential impact of environmental risks, insight into the systemic impact of environmental challenges must be improved. The Dasgupta Review has shown how nature and biodiversity are inextricably linked with our economies. These linkages warrant further analysis, both nationally and internationally. A recent NGFS study explains how the risks of biodiversity loss and a disorderly transition are of systemic importance. As a next step, together with the PBL Netherlands Environmental Assessment Agency, we are currently exploring whether we can assess the risks that biodiversity loss poses to financial stability in the Netherlands.

Summing up, like climate-related risks, ESG risks deserve our full attention. In the years ahead we must strive for a deepened and integral understanding of them, and we must do so by means of close international cooperation.

DAVID CRAIG

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Nature: solving a risk blindspot

The erosion of nature poses a growing financial risk to corporates and financial institutions. Biodiversity loss ranks in the top three of the most severe risks to the world in the next decade, behind failure to solve the climate crisis and extreme weather, reports the World Economic Forum (WEF).

The commercial imperative of managing nature-related risks is now evident for many. Increasingly, market players are also connecting their nature and climate agendas. Because while biodiversity, extreme weather and climate change are separated out in WEF's new global risk ranking, the risks are in reality inextricably interlinked. Halting climate change requires protecting and restoring nature. Nature-based solutions could contribute over one-third of the cost-effective cuts in greenhouse gas emissions. Similarly, unabated climate change escalates biodiversity loss. To take one example, the increased frequency and intensity of forest fires that comes with a hotter world leads to loss of forests and their biodiversity.

Climate- and nature-related risks must be managed in tandem. But robust risk management requires that organisations first understand their current risk exposure - and at the moment, organisations do not have the information they need to assess how their immediate or long-term financial performance relies on nature.

Market-led response

The market has responded to their nature blindspot by putting their collective weight behind the Taskforce on Nature-related Financial Disclosures (TNFD), which is developing a global risk management and disclosure framework. The initiative builds on the work done in the climate space by the Task Force on Climate-related Disclosures (TCFD). Once released, the TNFD framework will guide organisations through how to assess, manage and report on nature-related risks. A core group of 34 leading corporates, financial institutions and service providers with more than US$18trn of assets under management are currently working on a first iteration of the framework, which will be released to the market in Q1 this year. More than 250 organisations - including market players as well as scientific experts, governments, regulators, central banks and NGOs - have signed up as supporters. Many of them will be piloting the beta version of the framework this year, before a final version launches in 2023.

> Managing nature-related risks requires progress on data and capacity building.

This iterative market-led approach, where market players take a leading role in designing the framework while being supported by scientific experts, means the resulting framework will be both scientifically rigorous and readily implementable for businesses and financial institutions.

Input and output data

Managing nature-related risks requires improving different forms of data.

Input data is used by businesses to diagnose, understand, measure and manage their own risk. Critically, input data must be location specific, as the risks associated with nature impacts vary significantly depending on where they occur. A biodiverse section of rainforest is not interchangeable with a piece of grassland (or even another rainforest). Nature-related data offerings specifically targeted at financial institutions and corporates are emerging. Many center around satellite data and other geo-specific data.

In turn, output data takes the form of disclosures and reporting so investors can understand the risks, and subsequently measure and compare across organisations when making investment decisions - and then report on their own nature-related risks. Regulators will also rely on output data from organisations to make informed decisions for the economic and financial system as a whole.

Closing data gaps only first step

Solving the data challenge around nature is the first step towards robust risk management. Alongside, corporates and financial institutions must also dedicate resources to capacity building on nature across their leadership teams and wider staff, in the same way they have needed to build in-house expertise on climate and other sustainability topics. The challenge is that nature is even more complex. In addition to the need for location-specific data, nature lacks a single metric and global target. Mapping and managing nature risk throughout whole supply chains will require significant efforts.

Ultimately, nature-related risk management requires a shift in capital flows from nature-negative outcomes towards nature-positive outcomes, so that the nature base that the global economy and financial system relies on can be restored. This shift to nature-positive, alongside the shift to net zero, can't be achieved if organisations consider nature-related risk management solely a data challenge or tick-box exercise. But nature-positive is within reach if organisations apply the full extent of their resources and talent - this is the challenge ahead.

STEFANIE OTT
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Biodiversity, Ecosystem Services and ESG – it's all connected

What do pandemics, wildfires, severe floods and droughts have in common? Firstly, they have all been major loss events for the insurance industry and, secondly, they all have a strong relation to habitat destruction. All this can be measured against a decline in biodiversity.

The fact that they caused major losses underlines the fact that Biodiversity and Ecosystem Services (BES) plays a major role in the global economy in a manner that can be likened to that of water retention, flood protection and pollution.

A simple example: no business can function without clean water anywhere in the world. Yet, in many parts of the world, we are already water stressed – meaning we consume more water than nature can supply. If supplies dry up, power production stops, crops can no longer grow and hospitals can no longer function.

What this means in economic terms was analysed by the Dutch Central Bank, the DNB. The DNB estimates that a staggering EUR 510 billion, or 36% of all investments from Dutch financial institutions, would be lost if the ecosystem services underpinning the Dutch economy were no longer available.[1] What is true for the Netherlands is true globally. Swiss Re research has shown that 55% of global GDP is currently moderately or highly dependent on BES.[2]

And the impacts are becoming more apparent. The recent floods in Germany were partly driven by not having enough natural retention and room for flooding rivers. The result of this habitat destruction was that the rivers flooded settlements instead. Pandemics, on the other hand, are triggered by humans coming into contact with pathogens in the wild.[3] While that contact rarely made it to larger settlements in older days, in today's world with rapidly increasing deforestation and habitat destruction, these contacts happen more often. With the world being more interconnected than ever before, coupled with the present day's ease of transportation, a contact can quickly move across the globe and trigger an epidemic or a pandemic.

Pandemics and severe flooding are partly driven by Biodiversity & Ecosystem Services decline.

So, if the degradation of the environment worsens while, at the same time, insured asset values increase, it is to be expected that we will see more frequent and larger loss events in future, ranging from pandemics, lost harvests to even more severe cat losses. Given the scale of the impact, the time to act is now!

For insurers and financial market participants this is a massive challenge and many of the tools we need in the field of climate change, for example, have not yet been developed. But they are being worked on.

The financial sector started the Task Force on Nature related Financial Disclosures (TFND)[4]. The TNFD aims is to establish and promote the adoption of an integrated risk management and disclosure framework that aggregates the best tools and materials thereby promoting worldwide consistency for nature-related reporting.

Companies have also taken up the challenge. Swiss Re developed a Biodiversity and Ecosystem Services Index[5] specifically tailored and fed by data relevant to the insurance industry. This index contains links to the UN Sustainability Goals (SDGs), which in turn relate to the Environmental, Social and Governance factors widely used in the financial services sector and beyond.

These are activities that need to be enhanced and coordinated over time. While, at the start, identifying the right data sets and bringing them together in a smart way will be the key focus of the work in the insurance industry, we must over time also apply the insights to the decisions we make in our underwriting and asset management activities. This will mean taking the ESG externalities into account when insuring as well as when investing.

In conclusion, ESG, SDG and BES are all connected. Addressing them jointly, will not only help manage risks better going forward but will also create an environment in which we can work to develop new nature-based solutions with the goal of restoring our environment to a healthy level.

[1] *Indebted to nature. Exploring biodiversity risks for the Dutch financial sector | PBL Netherlands Environmental Assessment Agency*
[2] *A fifth of countries worldwide at risk from ecosystem collapse as biodiversity declines, reveals pioneering Swiss Re index | Swiss Re https://www.swissre.com/media/news-releases/nr-20200923-biodiversity-and-ecosystems-services.html*
[3] *Why deforestation and extinctions make pandemics more likely (nature.com)*
[4] *About – TNFD https://tnfd.global/about/*
[5] *Biodiversity and Ecosystems Services Index: measuring the value of nature | Swiss Re*

SNORRE STORSET
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Strong momentum on sustainable finance in Europe but still lot of work ahead

Nordea has been committed to sustainable finance for long. This commitment rests on the realisation that an economic system, which does not properly price negative externalities, will at some point breach the limits of what the earth's ecosystems can support. The climate crisis, being the direct result of unpriced human emissions of CO_2 in the last 300 years - is the most obvious example of that. The same period that has brought unprecedented increases in the quality of life for a large part of humanity, has also brought us to a point where we are nearing the scientifically defined planetary boundaries. And there are other dimensions, in which companies must learn to limit their negative externalities, while further increasing their important positive contribution to society at large.

As a leading Nordic universal bank, Nordea plays a vital role in encouraging and inspiring the transition to a climate neutral economy in the Nordic countries, with a major impact from its lending and investments activities. Nordea's ambition is to become a bank with net zero emissions by 2050 at the latest. To reach this goal, Nordea has set a mid-term objective to reduce carbon emissions from its lending and investment portfolios by 40-50% by 2030.

Nordea fully supports the Commission's Action Plan for Financing Sustainable Growth. ESG and sustainability-themed investment products have seen record inflows over the last years even as the Taxonomy and Sustainable Finance Disclosure Regulations are still being put into practice and further work is going on regarding the criteria on biodiversity, circular economy etc.

The importance of introducing circularity and of preserving biodiversity gets more and more investor focus. Recently announced regulation to require certification of the deforestation-free status of soft commodities imported into the EU, has made the issue financially material all along the value chain, from exporters through to retailers – and this will help get investors' attention. There is also lot of interest from investors to invest in a socially responsible manner and to contribute to the social development goals. Specifically, the ongoing pandemic demonstrates very clearly that investments in projects catering for social needs need also a renewed approach.

To achieve a workable taxonomy, related data challenges need to be solved.

The above mentioned areas currently lack universally recognised concepts or comparable parameters that would allow investors to support these goals in a fully coherent way. Expanding the taxonomy into these areas would add balance to the focus of the EU sustainable finance strategy. A social taxonomy should provide for a valid benchmark by defining social sustainability objectives and essential characteristics of investments that would qualify as socially sustainable. This would provide an important guidance for both institutional and retail investors and make it easier to take informed investment decisions. The taxonomy should be based as far as possible upon international treaties and conventions to evolve as a global standard for social investing. The ultimate goal should be to develop a social taxonomy that is recognised as benchmark for socially sustainable investments at the international level.

To achieve a workable social taxonomy, related data challenges need to be solved. Issuers need to provide the necessary data before banks and asset managers are able to make the right judgments and report on taxonomy alignment. This data challenge has already become apparent with the difficulties in demonstrating minimum safeguards alignment in the environmental taxonomy, and any proposal for a social taxonomy should be considered against the availability of such social disclosures.

Nordea strongly supports the Capital Markets Union initiative about a European Single Access Point with the ESG data being key priority to be included. All financial firms need sustainability data on non-financial companies and having a central European access point would be very helpful. Realistically, such an access point would not displace private providers of ESG data for investment purposes. But, properly structured and with priority given to easily accessible and interpretable data, it would go a long way towards creating a uniform basis for evaluating the sustainability characteristics of investee companies. On this basis both innovators (the so-called Green RegTechs) and the by now established incumbents in the ESG data space will be able to add value.

There is a strong momentum in Europe towards sustainable finance with rapidly increasing customer demand, growing industry supply and strong public interest, supported by regulation. An open dialogue between policymakers, the industry and the users of financial services can ensure that this transition does not lose momentum and that it can fully support sustainable recovery of the EU economy.

GEMMA CORRIGAN
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ESG Outlook 2022: from commitment to action

Looking at the year ahead, ESG themes will continue to gain prominence for the financial sector. Yet, after a year of pledges, 2022 must be a year of action.

In particular, there are growing expectations of financial institutions to assess and improve their impact on systemic issues such as climate change, biodiversity and social justice, with regulators watching closely to ensure they are walking the talk. The sector is expected to evaluate how its capital allocation impacts the transition, whether providing funding to new climate solutions or withdrawing capital from harmful activities.

Furthermore, pressure is mounting on investors to responsibly steward the assets they invest in. This means not just factoring environmental, social and governance issues into investment decisions, but engaging with investees to support and drive them towards a more sustainable footing. Advocacy with policymakers is also key in shaping a system that operates more effectively in the interests of end-investors, society, and the environment.

We can expect the focus on climate to continue with more detailed transition plans and interim targets being expected from financial institutions, companies and governments. For asset managers, this means understanding their current climate-related risks and impacts, and identifying how to mitigate the negative impacts and seize opportunities to mobilize capital in support of the transition. It is crucial that targets and implementation strategies incentivise real world emissions reductions, and encourage an engagement-first approach, with divestment as a last resort. There will also be greater focus on how to better support emerging and developing countries to reach net zero and deliver a 'just transition' for all.

Other environmental issues – in particular biodiversity and nature - are rising rapidly up the agenda. During COP26, we saw a greater focus on biodiversity, particularly the issue of deforestation, in recognition of the interlinked nature of these two environmental crises. Healthy ecosystem services and nature based solutions are an important part of climate change mitigation, for example through carbon sequestration.

The financial sector will now be focused on how to deliver on pledges in the lead up to COP27.

Several financial institutions – including the international business of Federated Hermes – responded to the UN High Level Champions' Call to Action by committing to strengthen their efforts to tackle deforestation in their portfolios. We also joined the Natural Capital Investment Alliance which aims to accelerate the development of natural capital as a mainstream investment theme. All members have plans to launch, or have launched, investment products aligned to Natural Capital themes that target mobilising more than USD 10 billion in aggregate by the end of 2022.

Social issues have also bee rising on the agenda to include an assessment of the social implications of corporate climate strategies. However, fewer than half of the companies that are committed to respecting human rights demonstrate it through tangible actions like human rights due diligence. And at a time when the focus on inequality is increasing, businesses have an opportunity to change the way their business models operate to benefit wider society.

The financial sector will now be focusing in earnest on how to deliver on these pledges. This means collaborating both within and beyond the industry to develop methodologies to better measure companies' exposure to deforestation and biodiversity impacts (positive and negative) and pushing for increased data availability through company disclosure and improved reporting frameworks through the work of the TNFD, Nature Action 100, Human Rights 100 and others.

As the financial sector becomes even more vocal on environmental and social issues and client demand rises, we can expect regulators to increase their scrutiny in terms of the authenticity of financial products claiming to be sustainable. The UK and the EU have both set out clear sustainable finance strategies with increased transparency as a key aim. The EU Taxonomy and Sustainable Finance Disclosures Regulation are already driving increased corporate and financial disclosure. Other jurisdictions are also ramping up disclosure expectations, the ISSB and the potential for a 'common ground taxonomy' could offer a much needed baseline level of global comparability. This would support financial institutions' disclosures, which are underpinned by data from the companies they invest in, lend to and underwrite.

This year, all eyes will be on financial institutions and how transparent they are about their current position on these systemic issues. They will be urged to collaborate with others within and outside of the industry to move forward on a positive trajectory. Those firms who can demonstrate authenticity in driving a more sustainable financial system, actively supporting the transition to a net zero and nature positive economy, are set to benefit.