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RESEARCH

UNBUNDLING UNCOVERED 2022: ESG PANEL KEY TAKEAWAYS

**A Special Edition of
Our ESG Newsletter**





THE UNBUNDLING UNCOVERED CONFERENCE

runs twice a year in New York and London as part of Substantive Research's market engagement. It attracts around 400+ buy and sell side attendees involved in the supply, sourcing and/or budgeting of research and data inputs.

Our distinguished ESG panel included [Sianne Haldane](#) Chief Impact Officer from Maanch, [Steven Cox](#) Manager at Monocle Solutions, [Maggie O'Neal](#) Global Head of ESG Research at Barclays, [Shai Hill](#) Founder & CEO of Integrum ESG, [Neil Scarth](#) Principal at Frost Consulting, and [Sebastian O'Connor](#) Interim Director of UK Capital Markets at CDP.

Sianne Haldane

Maanch



Steven Cox

Monocle Solutions



Maggie O'Neal

Barclays



Shai Hill

Integrum ESG



Neil Scarth

Frost Consulting



Sebastian O'Connor

CDP



KEY TAKEAWAYS FROM THE ESG PANEL

1 Greed and Fear is the primary attitude toward ESG:

Greed around AuM growth, but fear over costs and regulations. Regulations are forcing the buy-side to go down the route of determining the sustainability objectives of their ESG funds while the sell-side is getting ready for potential conflicts that could emerge from different regulatory regimes.

2 Standardisation of regulations around the world is still the end goal:

Standardisation will make everyone's lives easier as it will encourage comparability and consistency in data and research. The new FCA guidelines on investment labels and the much-anticipated IFRS sustainability disclosure standards can help investors pinpoint a fund's objectives in terms of sustainability and help with unjustified labeling. However, regulation is not going to change anything - ENFORCEMENT will.



[Below, we highlight the three providers that were part of our panel discussions](#)










- 3 Greenwashing remains a massive concern for the ESG sector:** The FCA in the UK and the SEC in the US have started cracking down on greenwashing. Any discrepancy or scandalous behaviour would invite a rigorous investigation by regulators. This will eventually lead to litigation. Law firms have started litigation funds in preparation for misselling fear from the public. Asset managers also believe that they will be ready to comply with the SFDR guidelines come January, but there is a spread of opinion. The regulations are still open to interpretation, and it might cause confusion during implementation. Another issue is the mismatch in the timing of regulations, while the SFDR comes into force next year, the CSRD will not come into force for some time.
- 4 Investor interest is sky-high but we need to think about impact.** Investor interest must be high in the way that the world is going. If they are not investing in an ESG-focused fund, they would lose out later down the line. But it has evolved from exclusions (negative or positive screening) to integration and engagement. It is not about simply excluding specific sectors from portfolios anymore but about taking into account their societal and environmental impact instead of it being black and white, good vs bad.
- 5 Current trends in the ESG market:** - The market for ESG research and data has gone up 25% in the past 12 months. ESG inputs still come out of both the research budget and the market data budget. Client reporting is getting bigger, especially with the SFDR coming into effect. There's also big growth in private equity demand for ratings and assessments. While asset owners recognise incumbent providers because they are entrenched in the system, demand for more niche providers will rapidly expand as firms' processes mature and requirements change.

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UPDATES



-  The United Nations released new guidelines to help reduce greenwashing in the net zero pledges of nations and businesses
-  Al Gore and the Climate Trace Coalition reported that half of the top 50 biggest polluters were oil and gas fields and that their emissions amount to 3 times higher than they claim.
-  The European Union has raised its climate pledges with plans to cut emissions by 57% in 8 years (2030).
-  The G7 launched a new insurance system called "Global Shield" to provide funding to countries suffering climate disasters. This is backed by 170 million Euros from Germany and 40 million from other donors.
-  The G20 pledged to limit global warming to 1.5C compared to its previous goal of 2C in the Paris agreement.
-  Net Zero Asset Managers Initiative (NZAM) announced its initial targets as the total number of asset managers committing to net zero increases to 291.
-  Net Zero Asset Owners Alliance (NZAOA) announced that they have \$10.9 trillion Assets Under Management (AuM).





LONDON-BASED INTEGRUM ESG

is a SaaS platform that caters to buy side and professional investors providing transparent and objective underlying ESG data. Investors can assess a company's ESG scores, real-time sentiment, and impact grades through their dashboard or consume their data via their proprietary API.

Integrum allows its clients to see all underlying data at the metric level. Pop-up explanations are available for every single metric score.

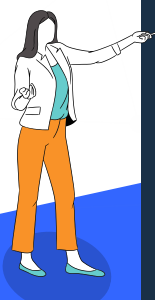
A built-in reporting tool is aimed to help clients export key datapoints and scores at the portfolio level for hassle-free client portfolio reporting. This tool also identifies key factors such as implied temperature rise, SFDR & EU taxonomy compliance, and much more.

The scoring system is dynamically customisable and clients can white-label the entire system to create proprietary ESG and impact scores based on what they think is important.

Why is it interesting?

Integrum's aggregated data model, with its intuitive dashboard and real-time media sentiment scores, provides a cost-effective solution for investors to monitor ESG risk across their portfolios. Their dynamic scoring focuses on material ESG metrics to help clients create proprietary ESG and Impact scores.

Their Portfolio View allows asset managers to see overall ESG and Impact grades of their portfolios. Each individual company is shown with higher-risk ESG issues highlighted with coloured squares. The reasons behind poor scores can be investigated by clicking the company names.



UK-BASED MAANCH

is a B-corp and an impact management platform; dedicated to providing SaaS & advisory solutions around ESG & sustainability data to investors, asset managers, corporates and donor-advised funds. The platform enables participants of the impact ecosystem to re-allocate capital and resources towards achieving the UN SDGs - through data, intelligence, dashboards and networks.

The company offers three products: M-Invest, M-Corp, and M-Give. For the investor ecosystem, M-Invest is a subscription-based service that enables asset managers and investors to automate data capture, analysis and reporting of all engagements with their portfolio companies – resulting in time and cost efficiencies.

For companies, M-Corp provides strategic corporate advisory that helps corporations identify, visualise and communicate impact. Maanch applies a 360-degree impact lens called Net Societal Impact (NSI) to enable corporations to embed impact in decision-making.

For the philanthropic sector, M-Give has an open platform for impact measurement and reporting. Maanch matches individual and institutional donors with projects and researched and vetted causes most suitable for their preferences and impact focus areas. Their solutions capture structured data at the source of an engagement event and deliver a digital data trail – essential to demonstrating responsible investment.

Why is it interesting?

Maanch provides an impact platform to understand, measure and visualise impact by using interactions, voting and capital movement data. This will interest asset managers and investors looking to measure impact at a more granular level.

Maanch also released an Engagement Tracker which is an intuitive dashboard to facilitate investor-investee solutions. A case study of the Engagement Tracker can be found [here](#).

Recently, Maanch started an interview series with leading experts from ESG and Stewardship backgrounds, to add value to in the market with the latest trends, You can read Challenges and Opportunities in ESG Engagement with Sally Bridgeland [here](#).



CDP GLOBAL

comprising of Regional offices in Europe, North America and Worldwide countries

is a not-for-profit organisation that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. Through its annual questionnaires sent to over 20,000 companies, CDP is the primary global disclosure system that provides standardised, transparent, consistent, and credible environmental data into the hands of investors, lenders, public authorities and other stakeholders.

Standards-setting framework and environmental disclosure platform all in one place. CDP collects primary data on all environmental themes, including Water Security, Forest & Land conservation, biodiversity, and plastics.

CDP offers a public, open scoring and questionnaire methodology to ensure transparency and accountability for over 20,000 companies and 1,100 regions.

CDP has comprehensive self-reported environmental datasets for detailed bottom-up analysis of companies and facilitates insights and actions. CDP equips investors & lenders with engagement guidance and optional advocacy campaigns for science-based targets, disclosure, and more.

Why is it interesting?

With more than two decades experience in gathering disclosures on environmental impacts from companies large and small, CDP forms the foundation of engagement, dialogue, and environmental reporting from corporations that enables investors to meet existing and future client demands.

CDP has announced that they will incorporate the IFRS' new climate-related disclosure standard into its environmental disclosure platform. The U.S. Administration has also announced that major federal suppliers will now be required to disclose their environmental impacts through CDP.

RESEARCH DISCOVERY

We provide a service that thematically curates the best ESG research in the market. Here is a selection of notable research pieces on the market trends in ESG Investing:

ESG Matters - Europe: Sticky Green Money Backs Up The Green Transition and Biodiversity Agenda
Bank of America Global ESG Research

Global Energy Weekly: Green Transition Costs Rise As Premium Sinks
Bank of America Global Research

Has The Energy Crisis Derailed Net Zero? What The Russia-Ukraine War Means For Climate Policy
Absolute Strategy Research

The State of Climate Policy in 2022
Credit Suisse

ESG Improves Valuations, But...
Liberum Thought Of The Day

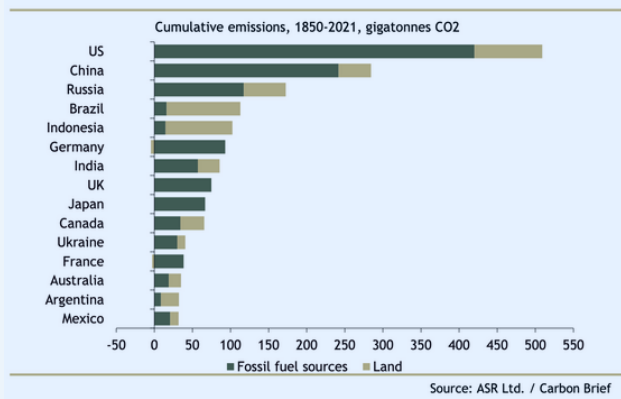
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ABSOLUTE STRATEGY PARTNERS

David Bowers and Ian Harnett founded Absolute Strategy Research in 2006 with the aim of providing clients with the highest quality macro-strategy research and research service available. They cover the global sector, regional, political, and quantitative strategy, and analysis of key drivers of asset allocation.

Below is an excerpt from their recent publication on the recently concluded COP27 held in Egypt:

Chart 1: DM countries have been largely responsible for historical emissions



If you are interested in reading more of their research, please click here



UPDATES ON REGULATIONS

- The UK's Financial Conduct Authority has released its consultation paper on Sustainability Disclosure Requirements and investment labels to further tackle greenwashing in sustainable investment products.
- The final version of the European Sustainability Reporting Standards (ESRS) has been approved by the European Financial Reporting Advisory Group (EFRAG) to set out the rules on reporting on sustainability-related impacts, opportunities and risks under the CSRD.
- The U.S. Administration has announced its new proposed Federal Supplier Climate Risks and Resilience Rule requiring federal government suppliers to disclose emissions and climate-related risk data and to set science-based emissions reduction targets.

UPDATES ON ESG PROVIDERS

- ICE has launched a new TCFD reporting solution for asset managers to leverage its climate transition data and analytics.
- Bloomberg has released Global Aggregate Green, Social, and Sustainability Bond Indices to cover sustainable finance instruments.

WHO ARE WE?

Substantive Research was launched in 2015 and has grown rapidly to become a trusted partner to asset managers globally where we are best known for offering an independent and impartial discovery and comparison service across the entire external investment research and market data universe.

In the past year, we have expanded our coverage into the ESG space as a response to our clients' desire for us to map the ESG data / research marketplace, carry out due diligence and help in market discovery of this rapidly evolving space. We have developed an industry-first ESG Provider dashboard that provides a searchable database of 165+ ESG research and data providers with thematic and coverage filters to match client preferences. We have also incorporated ESG research into our research discovery product to help asset managers navigate through the oversaturated market.



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