

# ESG Investment Policy Assurance

## Building Trust with your Investors

Institutional investors are increasingly pressing asset managers to integrate Environmental, Social and Governance (ESG) factors into their investment processes to better manage sustainability risk. In turn, asset managers have dramatically increased transparency around their ESG efforts. Obtaining assurance over an organisation's ESG investment policy can help build trust with investors and drive competitive advantage.



## We want to know more. Here are some key questions we'll explore:

How robust is your ESG policy? Is your policy prepared to be reviewed against third-party attest standards?

Do you gather proper evidence to support your policy claims in a consistent way?

How well does your reporting align with your leadership position on ESG?

What is your plan to align your ESG disclosures with the upcoming regulatory disclosures requirements (sustainability related disclosures and taxonomy alignment)?

Would you like to demonstrate in ONE report that you comply with various labelling schemes?

How is your distribution network adapted to future ESG challenges?



## Key operational ESG factors



## What ESG challenges are emerging?

**Authenticity challenges** as asset managers expand ESG commitments and products

**Data collection** as leading asset managers invest to differentiate themselves from others using commodity ESG data-sets

**Transparency & experience** will evolve as managers innovate on their retail experience and build trust with institutional clients

**Active ownership** as managers demonstrate the impact of engagement and voting efforts



## Market perspectives

2019/2020 marked a significant acceleration around ESG and Sustainable Finance:

- Expansion of ESG products and integration across asset classes
- Sustainability risks have moved to centre stage within the financial stability agenda
- A significant increase of new regulations at EU level on 3 significant topics: Taxonomy, Benchmarks and Disclosures with an implementation already in March 2021



## Next 5 years: What you can likely expect

Sustainability risks, taxonomy alignment, ESG characteristics and impact on sustainability objectives will become mandatory for many financial products.

Continued investor pressure on standardised disclosures and corporate engagement.

Enhanced expectation around quantity of disclosures utilised by third-party raters, and investors in assessing corporate performance.

Increased scrutiny over ESG disclosures, making non-financial data quality more important than ever before.



## How we can help



### Approach

**Utilising our approach to providing assurance over your ESG investment policy, we have many solutions**

- Review and assess your current ESG investment policy and methodology
- Perform a readiness assessment over management's policy to identify gaps and provide opportunities for enhancement to the investment policy process based on best-practices to provide recommendations to management
- Work with management during a remediation period to address any gaps identified from the readiness assessment in a timely and practical manner
- Following remediation, perform assurance procedures over management's ESG investment policy, and deliver an independent report which can be provided to investors and key stakeholders on an annual frequency providing transparency around your impact investment process/methodology



### Deliverables

**We will deliver the following as part of our engagement**

- Readiness assessment: Results of testing, including any identified gaps as well as recommendations for enhancing your overall ESG investing program. We will also provide you with relevant value add operational improvements.
- Independent Assurance report from PwC in accordance with International Auditing and Assurance Standard Board (IAASB) under the International Standard on Assurance Engagements (ISAE) 3000.



### Value to you

- You will be able to distribute this report to prospective investors, and other key internal and external stakeholders providing evidence that management's assertion and statements within your ESG investing policy are accurate. This assurance report can be issued annually, or more frequently if you desire, for external distribution



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