

Aligning investments with ESG ambitions

Transcript

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Thinking about ESG, it's certainly such a growing issue of importance for investors, but also increasingly challenging to navigate with multiple stakeholders, making a range of demands against an increasingly politicized backdrop. In writing this article, we really wanted to give readers a sense of the current issues impacting asset managers and how we at Grant Thornton help clients.

So with that in mind, a number of things bubbled up as we were thinking about step firms can take in this current environment. I think that starts with understanding stakeholder expectations, whether it be investors, employees, the board, or even local communities. Having a sense of what are the ESG issues that they care about and then how does that align with the firm's overall investment process.

And then from there, thinking about integrating ESG into the investment process, we're seeing funds of all stripes integrating ESG, and that's coming in the form of investment screening, engagement, due diligence, what have you, and whatever process your fund may take. I think making sure that you're finding one that really aligns with your actual

ESG ambitions is super important because you don't want to go on the road with a process that you really can't support.

And then from there, thinking about the regulatory environment, we know the SEC rule is going to be coming out in the coming months. And firms should be taking steps now to try to be thinking about its implications. And for those asset managers operating on a global basis, thinking about how regulations and other jurisdictions align to the SEC rules is super important.

So I think for me, some takeaways from this are, we know asset managers in the short term are going to be thinking about, navigating near-term market turbulence. But at the same time, ESG is simply not going away. A recent Grant Thornton survey of CFOs said that 37% of CFOs are getting pressure from their investors to move forward on ESG.

So, again, this is simply an issue that's not going away. And we know that those asset managers who are able to integrate ESG into their processes, but to do so in a way that delivers true value creation. Those are the firms that are going to be most positioned to achieve long term sustainable growth. And we're really excited to help them in that journey.