Monthly ESG Newsletter

December 2024

ARWIN &
PARTNERS

Sustainability matters!

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November 2024

ESMA – announces 2024 European Common Enforcement Priorities for corporate reporting

- *The European Securities and Markets Authority (ESMA) has released its 2024 European Common Enforcement Priorities (ECEP) Statement, setting strict guidelines on corporate reporting requirements. This year's priorities focus heavily on sustainability reporting, specifically under the Corporate Sustainability Reporting Directive (CSRD), with emphasis on materiality assessments, taxonomy compliance, and integration with financial reporting*
- *ESMA and European enforcers are sharpening their focus on the following areas for the upcoming reporting cycle:*
  - *I. Double Materiality Assessments*
  - *II. Connectivity between sustainability and financial statements*
  - *III. Taxonomy compliance for environmental goals*
- *Timing: 2024 ongoing*
  - *Note: The ECEP sets out the expectations of ESMA and National Competent Authorities (NCAs) regarding the specific areas of focus for the enforcement and supervision of the annual financial reports of issuers of securities admitted to trading on European Economic Area (EEA) regulated markets*

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ESAs – published the report 2024 on Principal Adverse Impacts under the SFDR

- *The European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) has published its third annual Report on disclosures of principal adverse impacts under the Sustainable Finance Disclosure Regulation (SFDR)*
- *The Report assesses both entity and product-level Principal Adverse Impact (PAI) disclosures under the SFDR. These disclosures aim at showing the negative impact of financial institutions' investments on the environment and people and the actions taken by asset managers, insurers, investment firms, banks and pension funds to mitigate them*
- *The findings show that financial institutions have improved the accessibility of their PAI disclosures. There has also been positive progress regarding the quality of the information disclosed by financial products, and, in general, in the quality of the PAI statements. A few National Competent Authorities (NCAs) also reported slight improvements in the compliance with the SFDR disclosures in their national markets*
- *Timing: 2024*
  - *Note: the report was published on the 30/10/2024*

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EFRAG – publishes draft on the Transition Plan Implementation Guidance

- *The European Financial Reporting Advisory Group (EFRAG) held the first public meeting of the Sustainability Reporting Technical Expert Group (TEG) to discuss the draft Implementation Guidance on Transition Plan for Climate Change Mitigation ("TP IG" or "Guidance"). The Guidance is non-authoritative and accompanies the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD)*
- *According to the cover note for the TEG meeting, the draft reflects an early stage of the development of EFRAG position. The draft therefore is subject to change, both as a result of further amendments on TEG level as well following review by the EFRAG Sustainability Reporting Board (SRB)*
- *Timing: 2024-2025 ongoing*
  - *Note: EFRAG plans to have the draft TP IG approved by the Sustainability Reporting Board (SRB) before the end of 2024. EFRAG then intends to release the draft for public feedback in January-February 2025 and publish the final document in the spring of 2025*

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EU Parliament – votes one-year delay on the Deforestation Regulation

- *The European Parliament voted in favour of the Commission's proposal to delay application of the EU Deforestation Regulation (EUDR) by one year – from the 30 December 2024 to 30 December 2025 for large in-scope companies and 30 June 2026 for small and micro enterprises*
- *The Parliament also voted in favour of a number of other amendments to the EUDR - the most significant of which is the creation of a new category of countries posing "no risk" on deforestation, in addition to the existing three categories of "low", "standard" and "high" risk. Countries classified as "no risk" (defined as countries with stable or increasing forest area development) would face significantly less stringent requirements*
- *Timing: 2024-2025 ongoing*
  - *Note: The Commission has to finalise the country benchmarking system by 30 June 2025*
  - *The Council and Parliament will now need to enter into negotiations on the new amendments*
  - *The final version of the Commission's guidance on the EUDR has now been published in the Official Journal of the EU*

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ESG Regulatory updates 2|3

November 2024

ESMA – transition risk losses unlikely to threaten EU financial stability

- *The European Supervisory Authorities (EBA, EIOPA, and ESMA – the ESAs) together with the European Central Bank (ECB), released the results of the one-off "Fit-For-55" climate scenario analysis. Under the scenarios examined, transition risks alone are unlikely to threaten financial stability*
- *However, when transition risks are combined with macroeconomic shocks, they can increase losses for financial institutions and may lead to disruptions. This calls for a coordinated policy approach to financing the green transition and the need for financial institutions to integrate climate risks into their risk management*
- *The European Commission invited the ESAs and the ECB to assess the impact on the EU banking, investment fund, occupational pension fund and insurance sectors of three transition scenarios incorporating the implementation of the Fit-for-55 package, as well as the potential for contagion and amplification effects across the financial system. The European Union's Fit-for-55 package aims to stimulate investment and innovation in the transition to a green economy and plays a crucial role in the EU's goal to achieve an emissions' reduction of 55% by 2030 and climate neutrality by 2050*
- *Timing: 2024 ongoing*

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IFRS Foundation – publishes guide to help companies identify sustainability-related risks and opportunities

- *The International Sustainability Standards Board (ISSB) is committed to supporting the implementation of ISSB Standards around the world. To this end, the IFRS Foundation has published a new comprehensive guide designed to help companies with the fundamental task of identifying and disclosing material information about sustainability-related risks and opportunities that could reasonably be expected to affect their cash flows, their access to finance or cost of capital over the short, medium or long term. Investors and global capital markets are increasingly demanding this information to inform investment decision making*
- *A key focus of the guide is helping companies understand how the concept of sustainability-related risks and opportunities is described in IFRS S1 - "General Requirements for Disclosure of Sustainability-related Financial Information", including how these can arise from a company's dependencies and impact*
- *IFRS S1 explains that a company both depends on resources and relationships—such as human, intellectual, financial, natural, manufactured and social—throughout its value chain, and also affects those resources and relationships. It is a company's dependencies and impacts on those resources and relationships that might give rise to sustainability-related risks and opportunities that could reasonably be expected to affect its prospects*
- *Timing: 2024 ongoing*

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EU Council – ESG ratings greenlights new regulation

- *The Council adopted a new regulation on environmental, social and governance (ESG) rating activities. The new rules aim at making rating activities in the EU more consistent, transparent and comparable in order to boost investors' confidence in sustainable financial products*
- *ESG ratings have an increasingly important impact on the operation of capital markets and on investor trust in sustainable investment products. The new rules aim to strengthen the reliability and comparability of ESG ratings by improving the transparency and integrity of the operations that ESG ratings providers carry out and by preventing potential conflicts of interest*
- *In particular, ESG rating providers established in the Union will need to be authorized and supervised by the European Securities and Markets Authority (ESMA). They will have to comply with transparency requirements, in particular with regard to their methodology and sources of information*
- *Timing: 2024-2025 ongoing*
  - Note: the regulation will start applying 18 months after its entry into force

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November 2024

UK Government
HM Treasury

European Commission

UK Government – announces package of reforms for sustainable finance

- *The UK Government has launched a consultation to explore whether the UK Green Taxonomy can be a useful classification tool to facilitate an increase in sustainable investment and/or reduce greenwashing. Other jurisdictions have introduced a taxonomy but after several delays the UK has not yet put forward its own taxonomy*
- *The previous conservative government had said it aimed to have a taxonomy in place by the beginning of this year and a great deal of work has already been done by the government's advisers, the Green Technical Advisory Group (GTAG)*
- *The labour government has said it is committed to learning the lessons from taxonomy implementation in other jurisdictions and gathering the feedback of market participants. This will inform an assessment of the value of implementing a taxonomy in the UK, and exactly how it could be targeted to ensure it is as effective as possible, in particular in terms of helping to support "transition" activities*
- *Timing: 2024-2025 ongoing*
  - *Note: the consultation closes on 6 February 2025*

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European Commission – further Commission Notice on the Disclosures Delegated Act

- *The European Commission published in the Official Journal the Commission Notice (the Notice). The Notice provides the Commission's views on the interpretation and implementation of certain aspects of the Disclosures Delegated Act made under Article 8(4) of the EU's Taxonomy Regulation. The Disclosures Delegated Act deals with the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets.*
- *The Notice sets out 71 questions and answers, organized under the following sections:*
  1. *General questions which cover the following key topics: (a) Scope of covered entities, (b) Scope of the consolidation disclosures (c) Taxonomy-assessment of exposures to individual undertakings (d) Taxonomy-assessment of groups (e) Taxonomy-assessment of specific exposures (f) Verification / assurance / evidence of compliance with the Technical Screening Criteria (TSC) and (g) Compliance with minimum safeguards*
  2. *Questions related to specific financial undertakings which cover the following key topics: (a) Credit institutions and (b) Insurance and reinsurance undertakings*
- *The purpose of the Notice is "to provide further interpretative and implementation guidance to financial undertakings in the form of replies to Frequently Asked Questions (FAQs) on the reporting of their KPIs under the Disclosures Delegated Act". The FAQs come from a combination of stakeholders subject to the reporting requirements, the Platform on Sustainable Finance and National and European Supervisory Authorities*
- *Timing: 2024-2025 ongoing*

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Insightful ESG research 1|3

November 2024

The contribution of EU cities and regions to the Kunming-Montreal global biodiversity framework

- *This study identifies and analyses best practices in biodiversity conservation and nature restoration across European cities and regions, and assesses how they relate to the targets of the Kunming Montreal Global Biodiversity Framework (GBF). The study touches upon governance, policy frameworks, enabling factors, measurable outputs, and impacts of the projects, as well as challenges faced by local and regional authorities in implementing biodiversity protection and ecosystem restoration measures*
- *The study is divided in four sections: the first one, identifies the role of cities and regions in protecting and restoring biodiversity by presenting regulatory frameworks guiding their actions, and financial and technical support opportunities; the second section describes in detail ten projects from EU cities and regions, emphasizing the impact for the community and burdens for the governments, and analyses their links to the GBF targets; the third section summarises key lessons learned by highlighting facilitating factors and challenges encountered during implementation at local and regional level; and the fourth section concludes with policy recommendations for local and regional authorities, national authorities and EU institutions which emerge from the case studies*
- *Finally, it emphasises the crucial role of cities and regions in achieving the international biodiversity targets, and encourages increasing their recognition at international and national level and providing them with more support*

[***Click here to download the report***]

Assessing Corporate Transition Plans (CTP) using a production asset-based planning approach

- *Companies play a significant role in the production of greenhouse gas (GHG) emissions and are thus key actors in determining whether the global emission reduction targets of the Paris Agreement will be met. Corporate Transition Plans (TPs) have gained significant attention as tools to strategically guide corporate actions to reduce GHG emissions in line with climate targets. TPs are also crucial for stakeholders to hold corporates accountable with regards to their climate commitment*
- *Corporate Transition Plans are increasingly seen as crucial components of assessing the compatibility and legitimacy of corporate commitments to meet climate targets. However, robust, and transparent methods to assess the credibility of disclosed TPs are lacking. The research proposes a novel open-source methodology for assessing the credibility of corporate TPs based on asset-level data to estimate CO2 emission trajectories: the production asset-based planning approach (APA). It has been tested this approach on a sample of carbon intensive companies, including ten electric utilities and ten steel companies*
- *The research find that only three of the steel companies' stated TPs are compatible with Paris aligned benchmarks, while none of the electric utilities' TPs is. The research finds that 12% and 42% of existing carbon-intensive assets in electric utility and steel companies, respectively, will require reinvestment before 2030, posing significant carbon lock-in risk*

[***Click here to download the report***]

IFRS progress on Corporate Climate-related Disclosures

- *This report presents progress on corporate climate-related disclosures. The report continues the work of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) to record the progress of companies reporting on its 11 recommended disclosures. Based on a sample of 3,814 public companies, in fiscal year 2023, 82% of companies disclosed information in line with at least one of the 11 TCFD recommended disclosures and 44% of companies with at least five of the recommended disclosures. Approximately 2–3% of companies reported in line with all 11 TCFD recommended disclosures*
- *The report shows that companies are making the transition from disclosures prepared using the TCFD recommendations to disclosures prepared using the two inaugural Standards issued by the International Sustainability Standards Board (ISSB) in June 2023 that are (i) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and (ii) IFRS S2 Climate-related Disclosures. Between October 2023 and March 2024, more than 1,000 companies referenced the ISSB in their reports*
- *This report also presents information about jurisdictions' progress in introducing sustainability-related disclosure requirements in their legal and regulatory frameworks, including through the adoption or other use of ISSB Standards*

[***Click here to download the report***]

Insightful ESG research 2|3

November 2024

COP29 – financing Net Zero

- *Environmental Finance's COP-focused special report returns to cover the latest developments in transition finance and net-zero investment opportunities. It features in-depth analysis from Environmental Finance's editorial team on the major themes to be tackled at COP29 alongside exclusive data from Environmental Finance Data*
- *The COP29 Insight includes:*
  - *Investor expectations for COP29*
  - *An exclusive update on Article 6 discussions from South Pole*
  - *S&P on how to mobilise private capital for developing markets*
  - *Insight into the role played by nature-based solutions in the Asia-Pacific economy by SMBC*
  - *Moody's on transition plans and the key role played by independent assessments*
  - *DNV presents the latest findings from its Energy Transition Outlook*
  - *An update on the ongoing evolution of transition bonds by Environmental Finance Data*

[*Click here to download the report*]

Preparation for implementation of EU Sustainability Reporting Standards

- *This research on the disclosures of 100 influential companies from high-impact sectors provides an early reflection on the general readiness for businesses in the EU to meet the expectations of the upcoming EU rules and standards on sustainability reporting. The results of the assessment contribute to identifying the main challenges, as well as to highlight progress*
- *Following the EU Corporate Sustainability Reporting Directive (CSRD), large companies will start to report in accordance with the first set of sector-agnostic European Sustainability Reporting Standards (ESRS) in 2025 for financial years starting in 2024. This legal framework was adopted to enhance and modernise companies reporting on sustainability matters, with the objective of addressing a market failure in providing relevant, comparable and decision-useful sustainability information*
- *It is crucial to guide companies in their early implementation, identifying and promoting best practices, and preventing bad practices from taking hold. Early signals are showing a risk of box-ticking compliance distracting companies from truly essential and material information. In this context, the report offers emerging cases of good practice and specific recommendations to auditors and supervisory authorities, policymakers, and - most importantly - companies*

[*Click here to download the report*]

Sustainability transitions – from concept to practice

- *As Europe strives to reduce greenhouse gas emissions and decouple economic growth from resource use, certain social groups and European regions will be disproportionately affected. It is therefore critical to ensure that transitions are fair. A failure to do so risks exacerbating existing inequalities or even creating new ones, potentially leading to social divisions, discontent and resistance to change*
- *Delivering justice in sustainability transitions requires policymakers to (i) identify and correct the regressive economic and social effects of climate and environment policies (ii) address the unequal burden of environmental risks across society (iii) ensure fair and inclusive participation in decision-making processes; and (iv) recognise the different values, identities and capacities of groups across society and ensure their access to democratic processes*
- *Several policy measures and initiatives, in particular the Just Transition Mechanism and the Social Climate Fund, have been put forward with the explicit aim to support those territories and groups of the population that are most vulnerable to negative impacts of the green transition. There is potential to learn from good practice and strengthen approaches and mechanisms to better address justice in sustainability transitions*

[*Click here to download the report*]

Insightful ESG research 3|3
November 2024

The next big arenas of competition

- *This report from the McKinsey Global Institute identifies and describes a category of industries that could account for much of the future change in the business landscape and transform the world. We call these industries arenas of competition. To identify the arenas of tomorrow, we look back at the arenas of today to see how they evolved*
- *Arenas are defined by two characteristics: they capture an outsize share of the economy's growth, and market share within them changes hands to an outsize degree. The presence of those two attributes indicates that a new competitive game has begun, usually prompted by a new bundle of technologies and business models*
- *Understanding arenas is important for at least two reasons. First, they are where the business world is reshaped. They account for many major shifts in investment, R&D, and value, as well as the emergence of many new and growing global corporations. Second, once we start to recognize the factors that could point to the potential formation of an arena, we can identify a set of arenas that could plausibly emerge over the next 15 years. If the past is any guide, they will be centers of competition, innovation, and value creation*

[*Click here to download the report*]

IOSCO – report on Transition Plans

- *Climate-related transition plans can be a core component of climate disclosures, aiming to articulate the outputs of entities' internal strategic planning and risk management processes to prepare for risks, opportunities and potential changes in business models associated with the transition to a lower carbon, higher physical risk global economy*
- *IOSCO has explored how disclosures about transition plans can support its objectives of investor protection and market integrity. The research analysed current regulatory practices on transition plan disclosures by issuers and capital markets intermediaries as part of wider jurisdictional climate disclosure requirements. It also assessed current industry practices around the formulation, use and disclosure of transition plans by securities issuers, and by asset managers in relation to investment strategies, entity-level and fund-level disclosures*
- *The Report provides a summary of the findings to convey how investors and other key stakeholders use transition plan disclosures, and their views on the current state of transition plan disclosures and whether and how guidance on the topic can help. The Report concludes by taking note of future developments that may help address some of the issues identified during IOSCO's outreach*

[*Click here to download the report*]

Eurosif's regulatory roadmap for EU policymakers

- *The current economic and geopolitical context is that of intensifying global challenges, including a resurgence of national protectionism, polarisation, conflicts and exacerbating climate crises. A just transition towards a sustainable and resilient economy is key to addressing these challenges, as well as to maintaining financial stability, reinvigorating economic growth and competitiveness, and to guaranteeing the strategic autonomy of the European Union (EU)*
- *To meet the EU's strategic objectives and decarbonisation targets, public investments alone will not be enough. A significant amount of money needs to be raised from the private financial sector. As the leading association representing sustainable investors across Europe, Eurosif – recognises the critical role that the financial sector must play in scaling-up investments to accelerate a just transition to a sustainable economy*
- *To play their role in this transition, investors and other financial institutions need an EU sustainable finance regulatory framework which is complete, coherent, sufficiently ambitious, usable and well-implemented. This document presents a roadmap for EU policymakers to achieve this. The current EU sustainable finance rules have been developed quickly and often in parallel, creating some flaws and misalignment issues, as well as implementation challenges. Despite its imperfections, the EU sustainable finance regulatory framework has significantly increased transparency on sustainability-related considerations in financial markets and contributed to the growth and integrity of meaningful sustainable investment flows. Eurosif calls on EU policymakers to build upon this framework, to complete it and to ensure it is well-implemented*

[*Click here to download the report*]

Insightful ESG news

November 2024

COP29: UN climate summit

The UN Climate Change Conference (COP29) closed with a new finance goal to help countries to protect their people and economies against climate disasters. The new finance goal at COP29 builds on significant strides forward on global climate action at COP27, which agreed an historic Loss and Damage Fund, and COP28, which delivered a global agreement to transition away from all fossil fuels in energy system

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New deal EIB & CDP: sustainable investments

Thanks to a €500 million guarantee from the European Investment Bank, Cassa Depositi e Prestiti will be able to provide new financing to public entities. The two institutions are strengthening their collaboration to stimulate the Italian economy through environmentally impactful initiatives promoted by public administrations, with a particular focus on benefiting Central and Southern Italy

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COP16: Future of Biodiversity

As ecosystems worldwide reach a breaking point, COP 16 in Cali, Colombia, convened delegates from around the globe to address biodiversity loss and halt environmental degradation. Building on the 2022 Kunming-Montreal Global Biodiversity Framework (GBF), countries pursued to advance commitments to pause the destruction of nature

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COP29: deal too little too late

COP29 wrapped up over the weekend with a deal to provide developing countries $300 billion in climate financing annually by 2035 to help cope with the adverse impacts of climate change. However, the commitment has been labeled as a "failure" by environmental groups and vulnerable nations alike. The climate summit ended with a goal to collectively provide "at least" $1.3 trillion in financing by 2035

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Trump presidency: global climate action ?

Experts say Donald Trump's return to the White House will hinder short-term climate action, posing a major setback for COP29 goals on emissions and funding for developing nations. Although Trump is a climate skeptic, strong U.S. support for renewables may limit his impact on reversing green energy gains

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CSDDD: associations calls for simplification

A coalition of 27 business associations, including EuroChambres, SMEunited, and the European Banking Federation, has published a position paper urging the European Commission to take concrete steps to reduce the administrative burdens imposed by the CSDDD. The associations call on the Commission to provide guidelines to prevent divergences at the European level

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Banks are stepping into climate breach

Multilateral development banks are putting much more focus on investments to tackle climate change, the president of the European Bank for Reconstruction and Development said this week, amid worries about U.S. climate policy under a Trump administration. In 2023, the EBRD made $7.5 billion of climate finance commitments, attracting $26.7 billion of private sector investment, data shows

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CDP & EFRAG cooperation in the ESG data ecosystem

At COP29, EFRAG and CDP, the global independent disclosure system for companies to measure and manage their environmental impacts, announced extensive commonality and interoperability between CDP and the European Sustainability Reporting Standards (ESRS). This marks a significant step towards both organizations' shared goals of creating efficiency in the environmental data ecosystem

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ESG & Sustainability upcoming events
December 2024

S&P Global

Global Carbon Markets Conference: 2-4 December
In 2024, carbon markets are coming of age, and this year's Global Carbon Markets Conference promises to be nothing short of transformative

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Barcelona, SP

responsible investor

Responsible Investor USA 2024: 3-4 December
Join the 3-4 December in New York for the 15th annual Responsible Investor USA conference, where leading voices in sustainable finance come together to tackle the industry's most pressing challenges

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New York, US

THE Innovation & Impact Summit

Innovation & Impact Summit 2024: 10-12 December
This year's THE Innovation & Impact Summit will look at the role of higher education in empowering innovation on a global scale and measuring its impact on the world

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Delhi, IN

EuPD Research

European Sustainability Week: 10-12 December
The European Sustainability Week, organized by EUPD Research, offers a unique platform for discussing the latest national and international sustainability developments with industry pioneers, expert councils, and committees

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Petersberg, DE

epico KlimaInnovation

Sustainable Growth Summit: 11 December
The Sustainable Growth & Competitiveness Summit comes at a pivotal moment as the European Union embarks on a new policy cycle with a clear focus on balancing climate neutrality and economic competitiveness

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Brussels, BE

DEC 11-12 ONLINE IMPACT INVESTING FORUM2024

Impact Investing Forum 2024: 11-12 December
We are delighted to announce IIWF 2024 online event's keynote and speakers including UNDP, HSBC, Citi Wealth, BlackRock, EIB & Big Issue

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London, UK

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ESG Conferences organized by Investment Banks and Brokers

Annual list

Organiser	Event Name	Mode	Location	Date	Hyperlink (if any)
S&P Global	ESG Data Transparency	virtual	-	3 December 2024	S&PGlobal
FT FINANCIAL TIMES	Global Banking ESG Summit	In attendance	London	3-4 December 2024	GBS
EFCG Environmental Financial Consulting Group	EFCG Sustainability & ESG Forum	In attendance	New York	4-5 December 2024	EFCG
Scotiabank GLOBAL BANKING AND MARKETS	2nd Annual Global Technology Conference	In attendance	San Francisco	10 December 2024	Scotiabank
Bloomberg	5 Investment ESG themes for 2025	In attendance	New York	11 December 2024	Bloomberg
Kepler Cheuvreux	IR Summit 2024	In attendance	London	10-11 December 2024	Kepler Cheuvreux
WORLD ECONOMIC FORUM	World Economic Forum Annual Meeting	In attendance	Davos	15-19 January 2024	WEF

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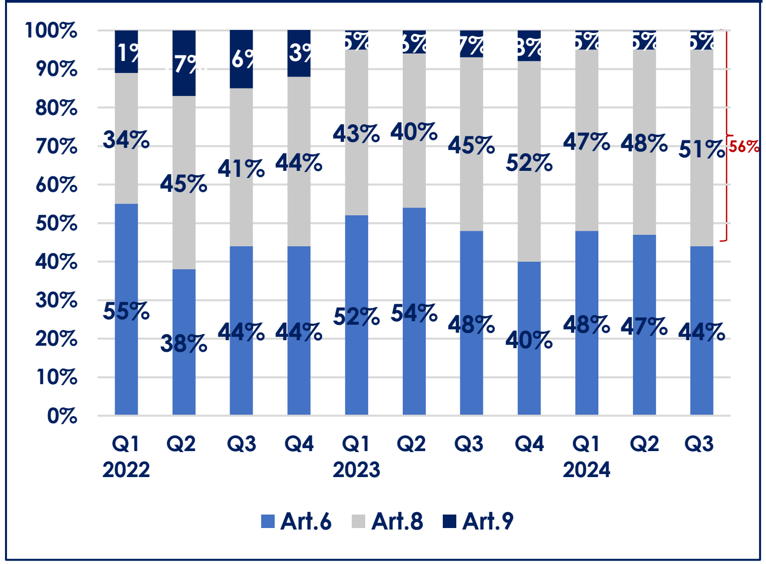
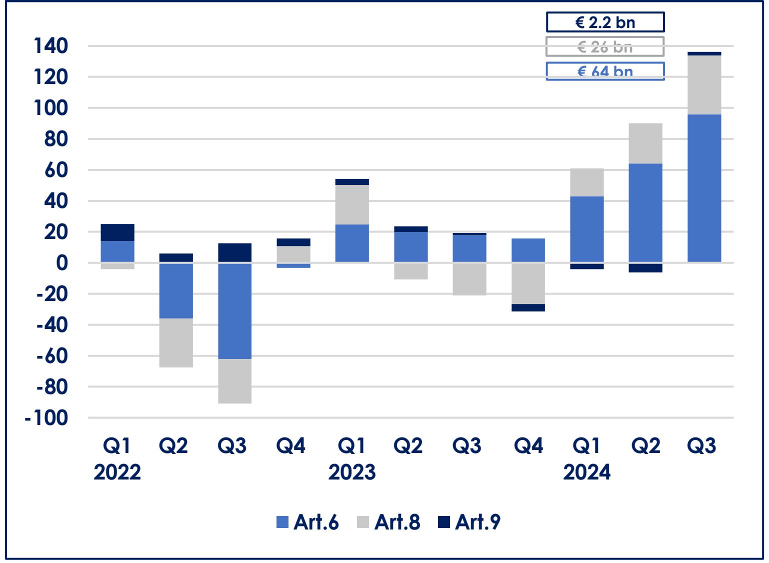
Article 8 and Article 9 Fund account for 56% share of total AuM in Q3 2024

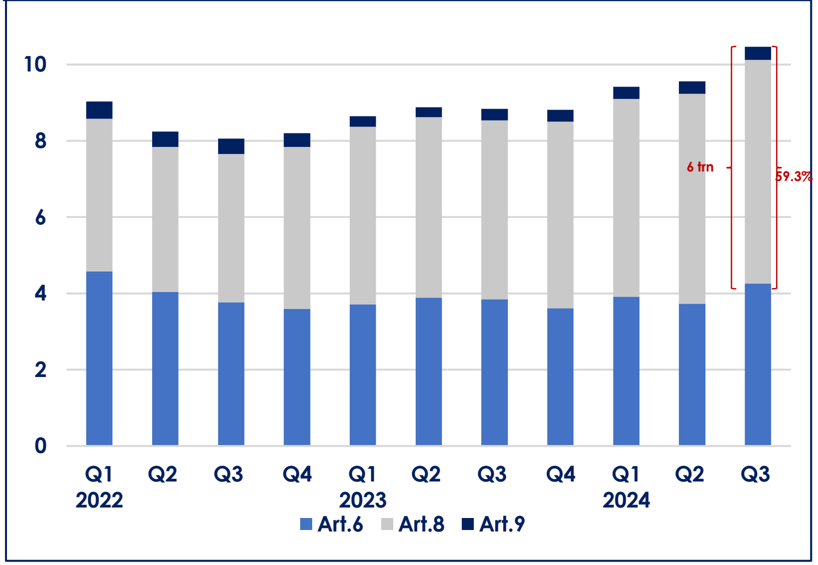
Breakdown of Art.6, Art.8, Art. 9 Launches



Flows into Art.6, Art.8, Art.9 Funds (€bn)



AuM Breakdown of Art.6, Art.8, Art.9 Funds (€trn)



- In Q3 2024, **Art. 8 and Art. 9** funds accounted for 56% of the total number of funds launched in the EU
- **Art. 9** funds recorded **€2.2 bn of inflows in Q3 2024**, compared to €6.2 bn outflows in Q2 2024
- **Art. 8 and Art. 9** AuM funds stood at **€6 trn at the end of September 2024,** maintaining the share to 59.3% of the EU funds

Source: Morningstar

 Note: The value of Q2 2024 fund flows classification (art. 6, 8, 9) has been updated from Morningstar's last published report

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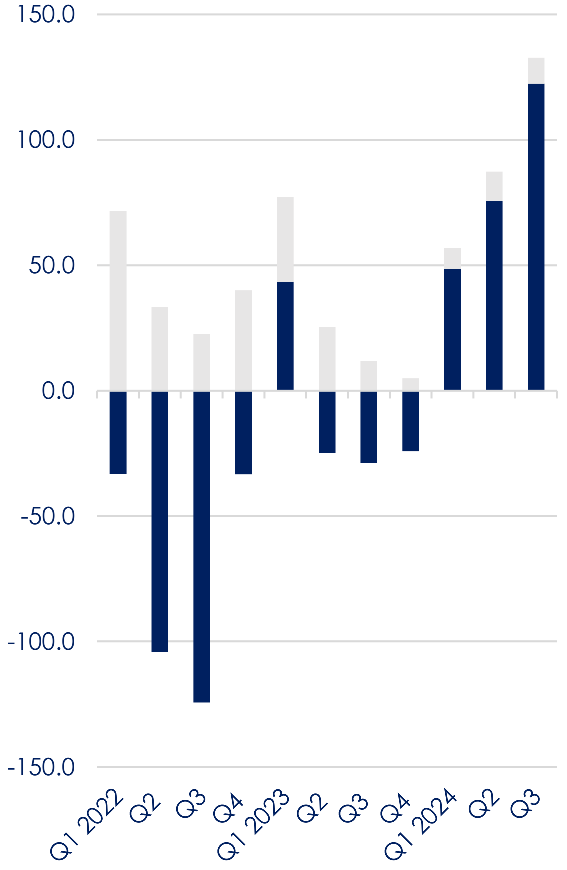
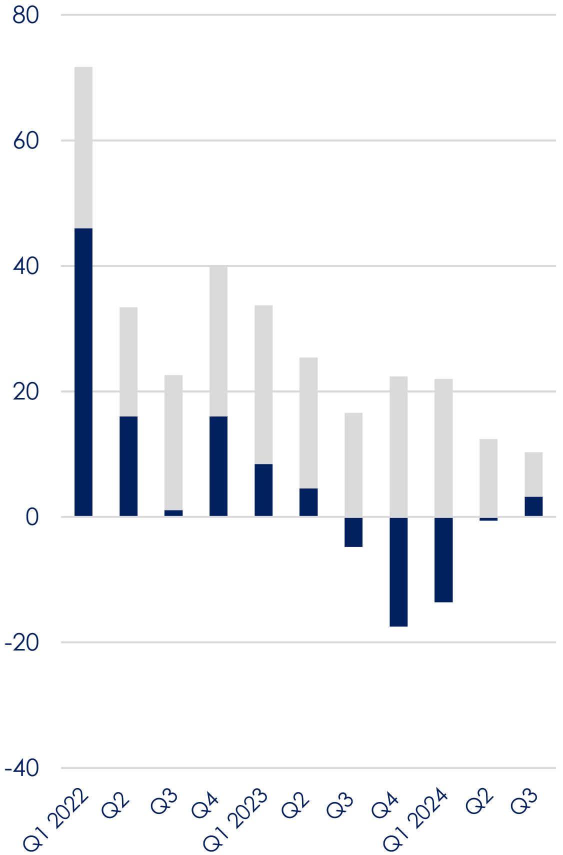
European sustainable fund flows in Q3 2024 continued to record positive flows

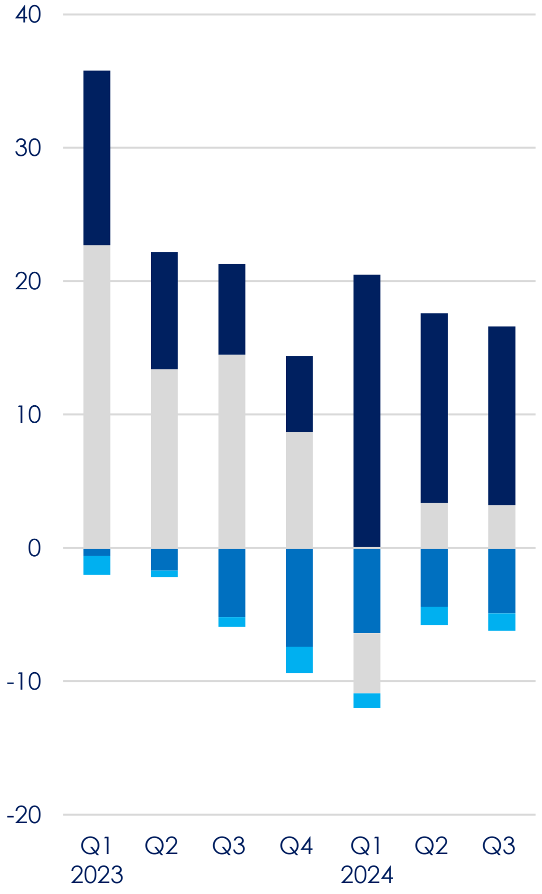
Conventional vs Sustainable Flows ($bn)



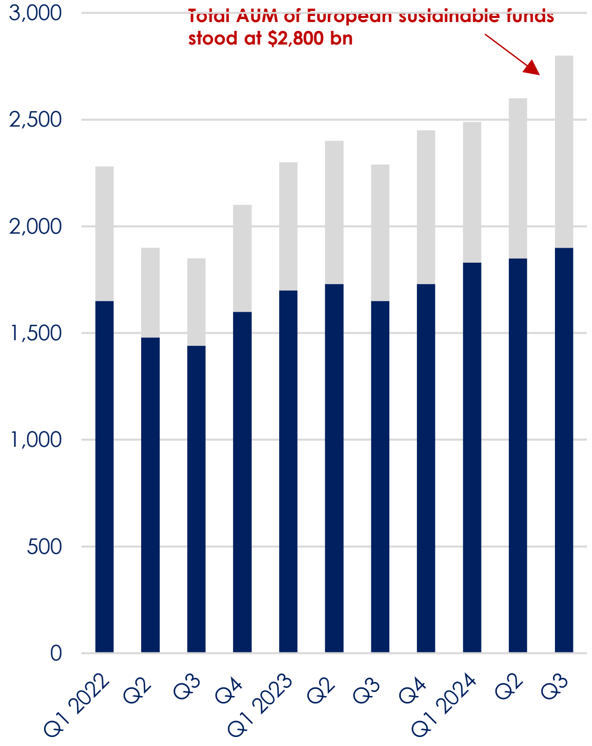
Sustainable Fund Flows ($bn)



European Sustainable Fund Flows by Asset Class ($B)



Sustainable Fund Assets ($bn)



Note: *According to Morningstar research, the global "sustainable" fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or environmental, social, and governance factors. Universe of sustainable funds is based on intentionality rather than holdings. The global sustainable fund universe does not contain: i) "ESG integrated funds" (which formally consider ESG criteria in the investment process and engage with portfolio holdings but do not make ESG considerations the focus of the investment process); ii) funds that employ limited exclusionary screens (such as controversial weapons, tobacco, and thermal coal) and iii) money market funds, feeder funds, and funds of fund. The value of Q2 2023 funds has been readjusted from Morningstar's previous report*

Source: Morningstar

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