Where are we in the transition from risk + return investing to risk + return + impact investing?

| Euan Finlay |

We are at dangerous cross-roads today with ESG and impact investing. The momentum from all corners -- institutional asset owners, asset managers, and financial reporting regulators -- has built to levels not anticipated, having been further boosted by the pandemic. This acute focus on the environment and social impact is a history-making socio-economic phenomenon. But its all-encompassing definition may be its biggest obstacle. ESG investing captures a vast array of impacts which impedes its own progress as we see inconsistent measurement systems and competing reporting proposals that will never reach a standard until they disperse into discrete impacts such as carbon emissions and workforce diversity and inclusion. As we said five years ago in our annual investor meeting, the virtuous circle of responsible investing needs a standard measurement solution. We are beginning to see that in the form of multiple discrete impact measurement standards such as Task Force on Climate-related Financial Disclosures' (TCFD) carbon footprinting and exposure metrics.

However, despite a baffling array of incompatible measurement systems which confound asset owners, asset managers are racing forward and launching a record-breaking number of ESG and Impact funds. There are only a handful of ESG and Impact investors with long-term investible track records and proven investment strategies, and most of those are not taking new investors. The rest have yet to experiment and learn how best to exploit the relationship between financial performance and impact in public equities security selection or private equity portfolio company ownership. Many of these new funds and firms will fail, while others will persist, but with mediocre financial performance and questionable impact. It is our greatest challenge under the heading of ESG investing, to find those few managers who will be successful and be ahead of the queue of their potential investment partners. To that end, we seek to continue to build on our capability to know what industry sectors, what kind of company and, importantly, which asset managers, will deliver the most exceptional financial performance and impact in the years ahead.

Throughout history, innovations in the investment industry have transformed the way in which portfolios are constructed. The introduction of the measurement of investment risk allowed investors to assess risk adjusted returns, rather than purely focusing on total return. This paved the way for investment portfolios to migrate from a simple mix of stocks and bonds to a diversified array of asset classes constructed using new tools such as mean variance optimisation. A similar transformation is in full flow today which will ultimately lead to investments being assessed subject to three metrics; risk, return and impact.

However, full adoption requires the standardisation of the measurement and reporting of impact. To draw an analogy from financial reporting, before the Great Depression, companies were able to report their financial statements subject to a patchwork of inconsistent standards. In 1933, the US Government mandated that all companies must follow generally accepted accounting principles for financial reporting. These consistent accounting practices allowed comparability across companies and greatly improved investor trust leading to an explosion in equity financing for companies. A standardised approach to accounting for impact is also required. Shining a spotlight on the true impact that corporations have on society and the planet leads to accountability and, ultimately, the actions that are necessary to tackle the daunting social and climatic challenges that the world currently faces. There are strides being made currently in the fields of both common reporting frameworks and new impact measurements, although there is further to go.

In this paper, we will outline the continued adoption of ESG and Impact Investing amongst investors, the emerging standards for corporate ESG reporting disclosures and developments in impact measurement. We will also provide an overview of the growing asset manager universe purporting to have integrated ESG considerations into investment decision making and a brief update on the Partners Capital investment program.

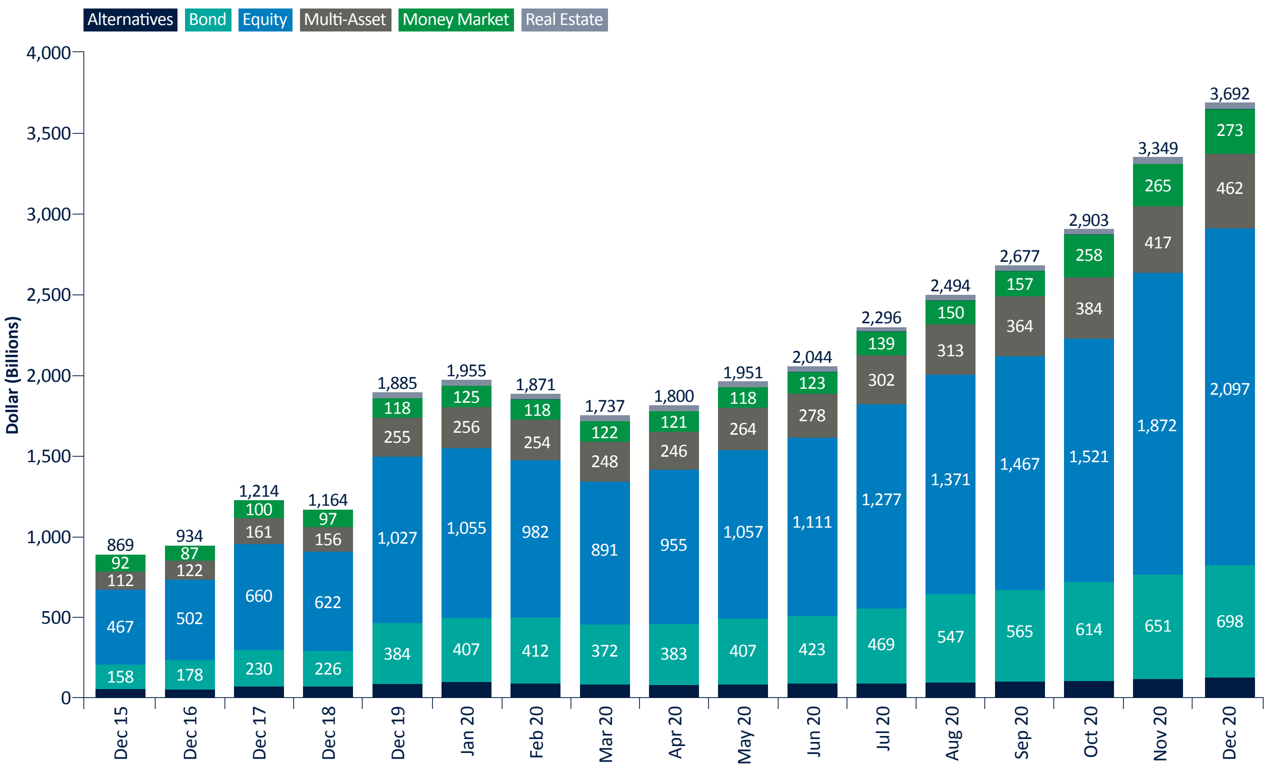
Did the COVID-19 pandemic de-rail the growth of ESG and Impact Investment?

No – quite the opposite. Commentators speculated whether the impressive growth of ESG and Impact Investment Strategies would continue in the face of a deep economic downturn as companies struggled with significant reductions in revenue and investors suffered substantial losses within their portfolios. Was ESG a fair-weather strategy? Those questions have been resoundingly answered in 2020.

As highlighted in Figure 1, JP Morgan and Lipper data shows that total assets in active ESG funds grew by 96% in 2020. Equity strategies drove much of that increase with more than $1 trillion of assets added in 2020.

ESG and Impact Investing has firmly emerged as a megatrend. Of the approximately $270 trillion of investible assets globally today, we expect that over

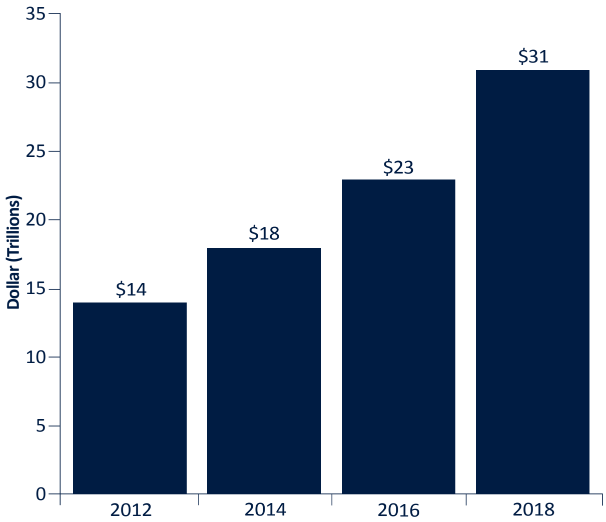
Figure1: Total assets in active ESG Funds by Asset Class (USD Billions)



Source: Lipper, JP Morgan

$35 trillion will be invested with some level of ESG or Impact focus, having grown from $14 trillion in 2012. Figure 2 shows this progression through to 2018.

Figure 2: Total Professionally Managed Assets adhering to some form of ESG or Impact Strategy



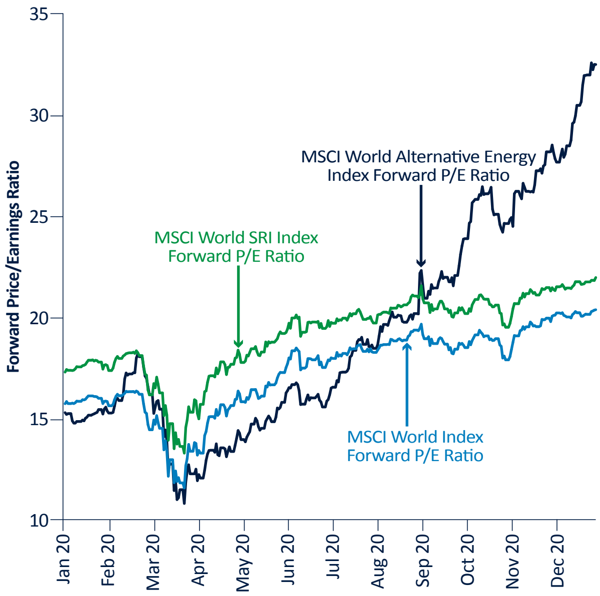
Note: Includes exclusionary screening, ESG scoring (defined as "Best-in-class screening" by GSIA), ESG integration, corporate engagement and impact investments
Source: Global Sustainable Investment Alliance; Reviews 2012, 2014, 2016 and 2018

The growing momentum behind ESG and Impact Investing can also be gauged by the growth in the membership of ESG and Impact focused investor organisations. For example, in December 2020, the Net Zero Asset Managers Initiative was launched. This is a group of 30 of the largest asset managers globally, including Fidelity, L&G, Schroders and UBS, which collectively manage $9 trillion in assets. They have committed to aim for net zero carbon emissions across their investment portfolios by 2050.

Similarly, despite only being founded in December 2017, Climate Action 100+ now has 545 investors globally who are responsible for more than $52 trillion in assets under management. This is a group of asset managers and owners focused on engaging with the largest 160 carbon emitting companies in the world who will be critical if we are to meet the objectives of the Paris Agreement (limiting temperature rises this century to no higher than 2 degrees Celsius).

This wave of interest in ESG and Impact Investing is beginning to be reflected in both asset prices and corporate behaviour. As shown in Figure 3, the forward price earnings multiple for the MSCI World SRI Index has been consistently in excess of the MSCI World. The SRI Index has the same sector and geographic weights as the MSCI World Index but is skewed to those companies which have the highest ESG ratings. More dramatically, the "Alternative Energy Index" re-rated considerably in 2020 driven by investor optimism about the investment opportunities associated with the transition to a low carbon economy with a further stimulus from the election of President Biden in the United States.

Figure 3: Clean energy and ESG leaders are trading at higher multiples than the MSCI World Index

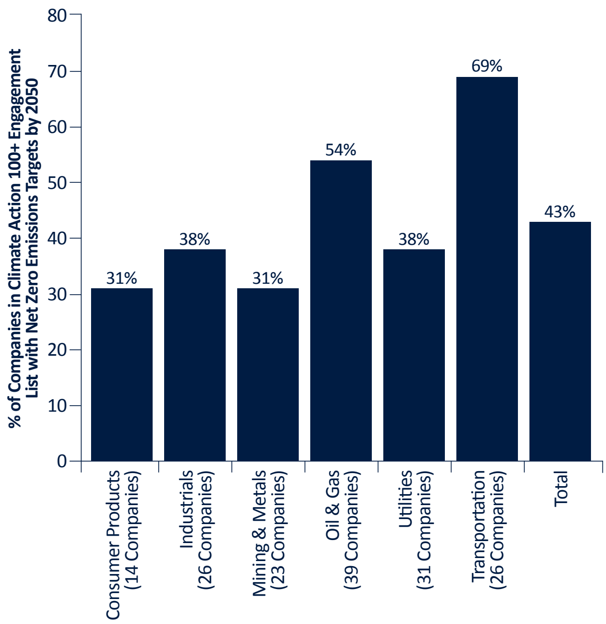


Source: JP Morgan

However, we are also witnessing dramatic changes at the underlying company level. By the end of 2020, the United Nations Climate Change "Race to Zero" initiative included 1,391 corporations, an almost three-fold increase from 2019. Some companies, such as Microsoft, have gone beyond just migrating their operations to net zero in the coming decades, but have committed to fully offsetting all historical carbon emissions since the company was founded in 1975.

The Climate Action 100+ 2020 Progress Report outlined the strides that have been made at underlying companies although also provided a sobering reminder of the actions still required to adhere to the Paris Agreement. Their report focuses just on the 159 largest carbon emitting companies globally. Of these companies, 43% have set a target or ambition to reduce their Green House Gas emissions to net zero by 2050. Interestingly, of the 39 oil and gas companies which feature in the top 159 emitting companies globally, 54% have committed to a net zero target by 2050, including Shell, BP and Total. Much of this success in changing corporate behaviour has been driven by targeted engagements by asset managers supported by the voting might of collective action groups like Climate Action 100+.

Figure 4: Percentage of companies to set a target or ambition to reduce GHG emissions to net-zero by 2050



Source: Climate Action 100+, 2020 Progress Report

When will investors be able to measure the impact that their portfolios have on the environment and society?

Today, there is a baffling array of unverified and opaque ESG measurement frameworks and an equally confusing set of competing ESG reporting standards. To monitor the investment industry's progress here, we break this into three components:

1. **ESG scoring metrics** – these are a combination of input measures (e.g., does the company have a senior manager assigned to setting and managing the company's decarbonisation strategy) and output measures (e.g., total carbon emissions). The leaders in this space, including MSCI and Sustainalytics, have emerged. However, it is not clear that there will ever be a single leader around which the industry coalesces.

2. **Impact accounting** – putting dollar figures on impact such as the cost of 1 million metric tonnes of carbon emissions, or the cost of a human life. These are all output measures translated to monetary amounts to be reported in financial reports. Harvard Business School is leading the Impact Weighted Accounting Initiative (IWAI) which has produced resulted for environmental impact of over 1,000 companies. In the next phase, which is expected to be released in 2021, they are attempting to produce a monetary value for the company's social impact and the impact that the particular product produced by the company has on the environment and society. These are more challenging goals.

3. **ESG and impact reporting** – the mandatory or voluntary reporting of input and output measures in standard reports to investors or regulators. The Task Force for Climate Related Financial Disclosure's (TCFD) common carbon foot printing and exposure metrics is an example a reporting standard that has become commonly used by companies. The first major regulation introduced mandating ESG reporting is the European Union Non-Financial Reporting Directive which mandates large EU based companies to report on their policies in relation to environmental protection and human rights.

These are all obviously highly related to one another which adds to the complexity and confusion. We expect regulators to mandate common ESG and Impact reports to be published by companies. This would involve standardised information produced by all underlying companies, based on frameworks such as TCFD, providing investors with the transparency required to make informed decisions about the ability for those companies to prosper in an environment where profitability and shareholder value will be increasingly linked to the management of their externalities. ESG Scoring has, hitherto, played a role in the aggregation and estimation of ESG data about companies and the determination of materiality. However, its significance should dissipate as standardised reporting becomes more commonly available.

Investors are clamouring for impact accounting – a common, comparable measure of the impact, both positive and negative, that a company has on the environment and society. While this has been possible, and generally accepted, for the environmental impact of companies, assigning dollar values to lives and societal issues will be a significant challenge.

ESG Scoring

ESG scoring, most often used by public equity and credit investors, are rating systems which assign corporations a score based on specified ESG characteristics. They attempt to quantify the company's resilience to long-term financially relevant ESG risks, both the degree to which they are exposed to such risks but also the organisation's competency in managing those risks.

To illustrate how ESG ratings are calculated, we have outlined MSCI's process, who are amongst the pre-eminent providers. The process starts by determining which E, S and G issues, from a list of 35 (see Figure 5), are material for specific sectors, industries and companies with materiality defined as the ability to influence company profitability. While ESG data providers have proprietary methodologies, many are influenced by the Sustainability Accounting Standards Board's industry materiality mapping research.

Figure 5: MSCI's 35 Key ESG Issues

3 Pillars	10 Themes	35 ESG Key Issues	
Environment	Climate Change	Carbon Emissions Product Carbon Footprint	Financing Environmental Climate Change Vulnerability
	Natural Capital	Water Stress Biodiversity & Land Use	Raw Material Sourcing
	Pollution & Waste	Toxic Emissions & Waste Packaging Material & Waste	Electronic Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building	Opportunities in Renewable Energy
Social	Human Capital	Labour Management Health & Saftey	Human Capital Development Supply Chain Labour Standards
	Product Liability	Product Safety & Quality Chemical Safety Financial Product Safety	Privacy & Data Secuirty Responsible Investment Health & Demographic Risk
	Stakeholder Opposition	Controversial sourcing Comminity Relations	
	Social Opportunities	Access to Communications Access to Finance	Access to Health Care Opportunities in Nutrition & Health
Governance*	Corporate Governance	Ownership & Control Board	Pay Accounting
	Corporate Behaviour	Business Ethics Tax Transparency	

Note: *The Governance Pillar carries weight in ESG Rating model for all companies
Source: MSCI

Each company is assigned the most material key ESG issues for that industry which generally results in 5 to 8 issues which are weighted (usually from 5-30%) depending on the degree to which the company is potentially exposed to the ESG issue.

The company's score for each key issue is calculated by both a quantitative assessment of the degree to which they are exposed to the risk and a qualitative assessment of the management efforts to mitigate that risk. For example, electric utilities are typically highly water-dependent. Accordingly, "water stress" will be a key issue with significant weighting in the overall ESG rating calculation for the company. The score is determined through a quantitative assessment of the company's water usage and wastage plus a qualitative assessment of the management actions and company policies to mitigate this risk.

This assessment is conducted using data from an array of sources including company reports, government agencies, non-governmental organisations and media outlets. Once the score for each key issue is determined, these are aggregated at the E, S and G level and then further aggregated into a single overall ESG score for the company. That absolute ESG score is then adjusted relative to the company's industry peers.

By way of example, Figure 6, shows the key issues and the ratings for Facebook. Privacy and data security, as you would expect, has the highest weighting at 25% whilst only 5% of the ultimate ESG rating was attributed to environmental factors.

Figure 6: Example Key Issues Weightings for Facebook ESG Score

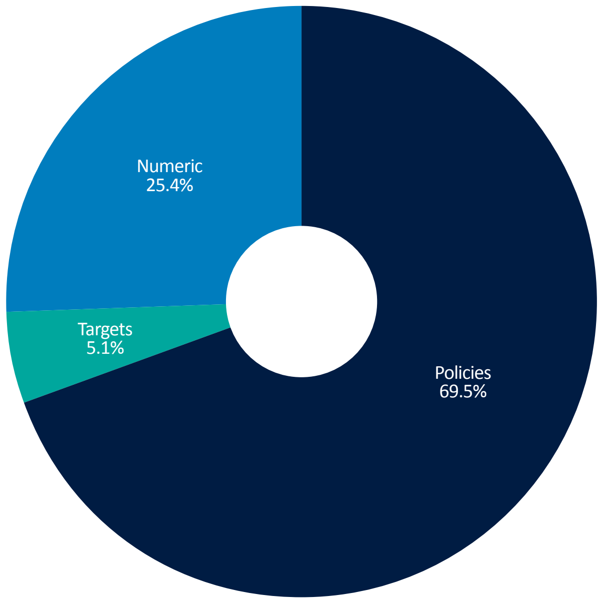
Key Issue	E, S or G	Weight
Carbon Emissions	Environmental	5%
Human Capital Development	Social	20%
Privacy & Data Security	Social	25%
Corporate Governance	Governance	20%
Anti-competitive Practices	Governance	20%
Corruption & Instability	Governance	10%
Total	**ESG Rating**	**100%**

Note: The ESG metrics are provided by MSCI. Certain information ©2020 MSCI ESG Research LLC. Reproduced by permission
Source: MSCI

The provision of ESG ratings for corporations has evolved into a large industry with rapid proliferation of service providers using varying techniques and standards which often draw contrary conclusions. The various providers use different data sets, have different views on financial materiality, have different areas of particular focus and have different views on what constitutes a "good" outcome.

In addition to the lack of consensus between providers, there are further issues with ESG ratings. Much of the data on which the scores are based is what we refer to as "inputs" rather than "outputs". In other words, the scores are based on whether a company has a policy or committee focused on a particular issue rather than measurable data that would prove actual improvements have been made on the current impact on the environment and society. Data from Goldman Sachs suggest that 75% of all ESG data points relate to company policies or targets with only 25% being numeric "outputs" as shown in Figure 7.

Figure 7: ESG Data by type, as of July 2020



Source: Bloomberg, Refinitiv, Goldman Sachs

Even if one of the ESG rating providers was to emerge as the undisputed authority on the subject matter, this inability of the rating systems to accurately measure the real-world impact of companies will be perennial drawback.

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Impact Accounting

In recognition of the deficiencies of the ESG scoring systems, George Serafeim at Harvard University has pioneered an initiative to calculate the impact of a corporation on the environment and society and translate that impact into a dollar figure which can be reported on the company's financial statements. This dollar figure of impact can then be compared to company profitability.

This is known as Impact Weighted Accounts (IWA) which, we believe, has the potential to be a powerful catalyst in the transition to investors incorporating the third dimension of "impact" into their decision-making frameworks.

The IWA aims to capture three pillars of a company's impact: 1) environmental impact, which is mainly focused on emissions and water usage; 2) product impact, which is focused on the impact that the product provided by the company has on the planet once in the hands of the consumer; and 3) employment impact, which focuses on the quality of the jobs and training provided by the company to their workforce.

In July 2020, the Impact Weighted Accounts Initiative published the environmental impact of 1,800 companies. The results were profound. Of the 1,694 companies which had positive EBITDA in 2018, 252 firms (15%) would see their profit more than wiped out by the dollar value of the environmental damage they caused, while 543 firms (32%) would see their EBITDA reduced by 25% or more. There was significant variation within industries. In food products, as an example, the environmental costs ranged from 5% of EBITDA for Nestlé to 62% for Associated British Foods.

This degree of transparency of the impact of companies could have far-reaching consequences. It will better enable investors to price the impact of companies into their investment analysis, it will allow governments to appropriately tax those companies with the greatest externalities and will allow customers and employees to align their purchasing and career choices with their values.

These potentially profound implications suggest an increasing correlation between the financial performance of a corporation and its impact once the link of measurement is bridged. The IWA initiative plan to release the findings from the product and employment impact work that they are currently conducting in 2021. However, this will be the initiative's greatest challenge. Putting a dollar value on different lives has moral challenges which are as great as the practical challenges of finding a generally accepted methodology. It is a possibility that the initiative fails to get global traction due to the ambition of the fundamental goal of distilling holistic, multi-faceted impact into a single dollar figure.

ESG Reporting

ESG reporting by corporations can be divided into those that are mandatory regulatory obligations and those which are voluntary frameworks. Currently, few jurisdictions are subject to regulatory mandated reporting obligations with companies more commonly reporting based on a patchwork of different voluntary standards. Our expectation is that we will witness a migration from voluntary standards to regulatory imposed frameworks in the coming years, starting in Europe.

Regulation: the most notable first step towards regulatory imposed ESG reporting is the European Union's Non-Financial Reporting Directive which mandates around 6,000 large EU based companies (those with over 500 employees) to report on their policies in relation to environmental protection, treatment of employees, respect for human rights, anti-corruption and diversity on company boards.

The European Union, as ever the leader with regard to ESG, is going further with the introduction of the Sustainable Finance Action Plan, also known as the "European Green Deal", which is aimed at mitigating climate change, reducing pollution and protecting biodiversity. This includes a number of initiatives but, most notably, the introduction of an EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR). The EU taxonomy provides a framework to classify whether a company's activities are contributing to and in alignment with the EU's six defined environmental objectives. By the end of 2021, large European businesses will be mandated to include in their non-financial annual report the proportion of their revenue and capital expenditure which is consistent with the six defined environmental objectives. This goes significantly further than the current regulation.

The SFDR is a set of EU wide regulations which subject asset managers, as opposed to companies, to additional disclosure requirements including the publication of the ESG objectives of their funds, a description of how adverse impacts are taken into account in the investment process and a prescriptive list of sustainability metrics for their portfolios which will need to be publicly disclosed.

Voluntary: However, outside the EU, the majority of companies who report sustainability metrics generally use one of the various voluntary frameworks which are described in Figure 8 below. There are a large number of organisations globally who have proposed reporting frameworks, but those highlighted in Figure 8 below have become the most closely followed.

The key question is whether one framework will emerge that all companies can adopt which is suitably nuanced to be applicable to companies across jurisdictions and sectors. In December 2020, the leading organisations focused on sustainability reporting (including those in Figure 8 below) co-authored an illustration of how their current frameworks can be used together in a single global standard for sustainability reporting. Furthermore, the IFRS Foundation, which is responsible for setting IFRS accounting standards, published a consultation paper in September 2020 which outlines possible ways the IFRS might contribute to the development of global standards by broadening the current remit beyond the development of financial reporting standards and using its experience in international standard setting or ESG reporting.

Figure 8: Voluntary Sustainability and ESG Corporate Reporting Frameworks

Organisation	Summary	Uptake
TCFD **Taskforce on Climate-related Financial Disclosures**	A framework for climate-related financial disclosures by corporations. The core elements of this framework call upon companies to set metrics and targets to assess and manage climate-related risks and opportunities, set processes to identify and assess climate risks and consider how climate-related risks and opportunities are relevant to business strategy.	Over 1,500 companies globally have adopted and 110 regulators and governmental entities have expressed support.
CDP **Carbon Disclosure Project**	A non-profit that runs a global disclosure system for investors, companies, cities and states to report and manage their environmental impact. Reporting is split into three key areas; climate, water and forestry. The advantage for investors is that CDP allows consistent and comparable data across companies.	Over 9,600 companies and 65% of MSCI ACWI constituents report through CDP today.
GRI **Global Reporting Initiative**	Organisation founded in 1997 to help companies and governments understand and communicate their impact by providing standards for sustainability reporting (the GRI Standards). These are made available for free as a public good. Organisations are free to use all or selected standards to help guide their sustainability reporting. Thought to be one of the world's most widely used standards.	A survey by KPMG found that 67% of companies surveyed (top 100 companies across 52 countries) were using GRI standards.
SASB **Sustainability Accounting Standards Board**	A non-profit standard-setting organisation that has developed a set of industry-specific standards for 77 industries across 11 sectors. The standards help companies identify and report on the most financially material sustainability issues within each industry, and their associated metrics. SASB's assessment of what issues are material to each industry (their "materiality map") is widely used by investors and ESG rating providers.	In 2020, 556 companies disclosed in line with SASB standards.

Source: TCFD, CDP, GRI, SASB

Accordingly, the prospects for the agreement of a consistent global framework for ESG reporting seem brighter than they have been due to the first steps to regulatory requirements in the EU and the collaboration between the most renowned voluntary frameworks. However, a common standard remains years off.

How will ESG and impact transparency affect the ability of asset managers to outperform?

In short, we believe that as the transparency of the impact that companies have on the environment and society increases, it will become a larger determinant of share price performance.

There are already signs of this occurring today. MSCI conducted analysis comparing the performance of the MSCI AC World Index to the MSCI AC World ESG Focus Index (constructed by skewing to those companies within each sector and geography which have the highest ESG scores). Over the last 5 years, the ESG variant of the index has outperformed the "unconstrained" index by 1% per annum. The MSCI AC World ESG Focus Index has been designed to have similar sector and geographic weightings as the parent index, to correct for the bias that ESG indices give rise to a technology sector overweight which explains MSCI isolated the impacts of currency, geographic mix, industry skew and style factors and found that the "ESG factor" accounted for around 80% of the total reported outperformance.

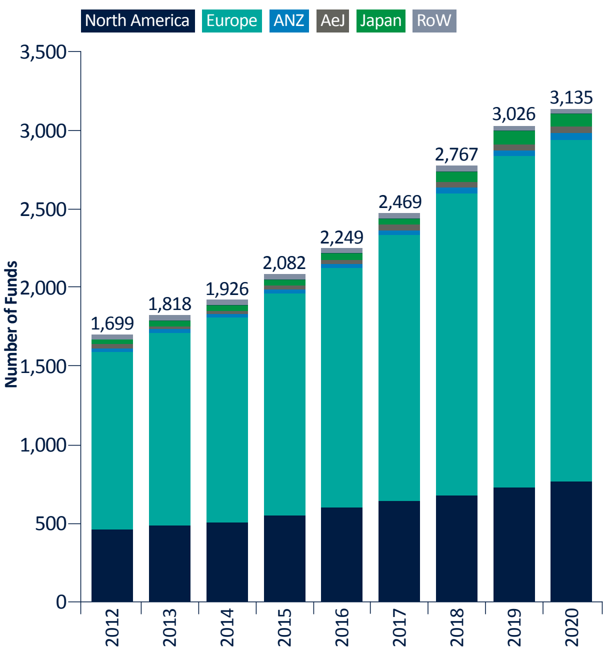
When the determination of the impact a company has is through a common reporting standard rather than hotly disputed ESG scores, we would expect the degree of outperformance of the higher impact companies to be even larger. This highlights the importance of investing with an "ESG lens" today in advance of the potential repricing of securities that could occur as the impact of a company becomes more transparent and the feed-through into share prices becomes more pronounced as consumer preferences and regulation favour those companies with the most positive impact.

If we were to find ourselves in an environment in which company impact had become significantly more transparent through common reporting, then the managers most likely to generate outperformance will be those best able to draw differentiated insights from the publicly available information and identify the management teams most likely to execute against growth plans which will increasingly have a sustainability dimension.

What is the current size of the asset manager universe who integrate ESG into investment decisions making? How should we trade off newly launched "ESG managers" against incumbent positions in the portfolio?

There are now over 3,100 active ESG equity funds globally, having grown by over 1,000 in the last 5 years, with the vast majority based in Western Europe. According to eVestment, these funds that claim to employ some form of ESG strategy manage over $12 trillion in assets. This represents nearly half of the overall equity fund universe.

Figure 9: Total Number of Active ESG Equity Funds



Source: Morningstar and Goldman Sachs

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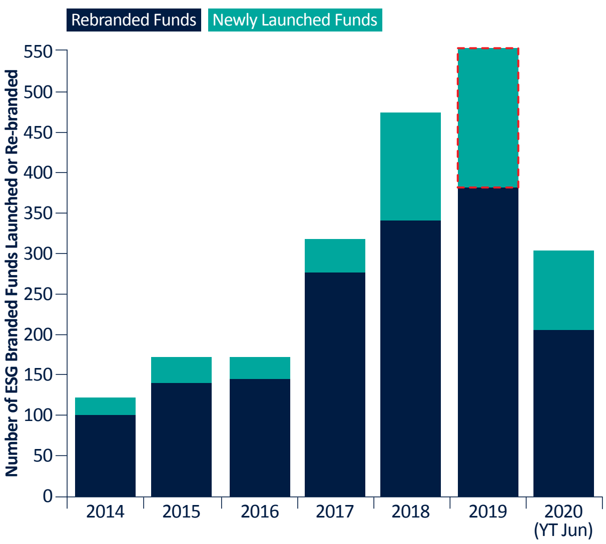
However, within this rapidly growing cohort of active managers who purport to employ an ESG strategy, there is significant dispersion in the quality of investment research and the rigour with which ESG characteristics are analysed and subsequently incorporated into investment decision making. The aforementioned lack of commonality in ESG and Impact reporting standards has proved a conducive backdrop for asset raising by asset managers based on unsubstantiated marketing claims regarding ESG credentials.

As an illustration, data from Morningstar shows that in 2019 in Europe alone, over 150 active funds were rebranded from their prior strategy to being "sustainable". While a proportion of these funds will have significantly changed their strategy from the prior offering to integrate ESG considerations into the investment decision making, it does make one question whether that is true in all cases.

Figure 10: Number of Newly Launched and Rebranded "Sustainable" Funds in Europe per Annum



Source: Morningstar Research, data as of 30th June

All investors today either implicitly, if not explicitly, have the dual mandate of generating market beating returns and positive impact. This is an exciting but perilous environment due to the sheer number of managers launching undifferentiated strategies or re-purposing pre-existing funds that had often failed to scale. Many of our clients today have portfolios built over decades with incumbent managers who have consistently generated outperformance through market cycles due to a combination of their teams, investment strategy and process. Those investors are now faced with the trade-off between retaining these tried and tested managers or migrating towards managers and strategies which have the prospect for generating higher impact. In so doing, in many cases, this will involve backing less proven teams with short track records and, of course, currently inadequate measurement frameworks for determining the extent of the sought-after impact. We appreciate how difficult this trade off is. Therefore, at Partners Capital, we are proceeding cautiously but deliberately in the direction of those managers that combine the potential for impact with the prospect of financial outperformance. As a value added limited partner who aims to assist our asset managers in improving their processes, we are engaging with many of our incumbent asset managers to assist in the incorporation of ESG considerations into their investment process by sharing what appears to be best practice from our vantage point.

What are the strategies that investors can employ to have positive impact on the environment and society?

Institutional investors have a number of alternative routes to having their capital generate positive impact on the planet and the people living on it. We see two particular paths to be most effective and both can be adopted by the same investor. The first is what we refer to as the positive impact allocation approach where we shift the portfolio in the direction of assets and companies that are having positive impact e.g., investing in hydrogen fuel cell manufacturers such as air products or fuel cell energy. We would also seek to own companies that are showing evidence of change and progress, e.g., by transforming the quickest from a high carbon emitting business to a low emissions business – companies like Hawaiian Electric which is rapidly converting its oil-based power infrastructure to renewables.

The second approach is what we refer to simply as the engagement approach. Here the investor (which includes Partners Capital and its clients) engages with their active asset managers to help them transform their processes for ESG integration in the investment process and engagement with the management teams of their underlying portfolio companies. We estimate that the managers with whom we work most closely manage over $2 trillion in assets, which reflects the leverage we can effectively gain from the $38 billion that we manage today. Our efforts to take best practices in ESG integration to our managers is perhaps the highest and best use of our research team resources under the heading of impact investing. We should add that many of our asset managers are "activists" and have long engaged directly with management teams on ESG matters and other drivers which are believed to result in improved operational and share price performance.

Also under the engagement approach, we encourage our clients to join investor collectives focused on ESG and impact including climate-focused alliances such as the Institutional Investor Group on Climate Change (IIGCC) which today represents over €35 trillion in assets and over 270 institutional investors across 16 countries. Its members use the combined weight of their capital to influence management teams of the businesses they own to cut emissions to help achieve the goals of the Paris Agreement, to accelerate the transition to net-zero emissions by 2050, and to ensure resilience of those investments to the impacts of a changing climate.

Our approach is to employ both strategies on behalf of our clients, and in so doing, believe we are doing the most possible towards enabling our clients' capital to have the greatest impact on the future of our planet and society.

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