ESG GLOBAL AND EU STANDARDS CONVERGENCE

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Rethinking global ESG metrics

Many advocates behind the global environmental, social, and governance movement argue that prosperity alone is not a sufficient measure of society's progress, a position that I believe is unassailable. The challenge we face in addressing the ever-increasing number of issues underlying E, S, and G is daunting. The task before us is to find a way to bring about lasting, positive change to our countries on a range of issues without sacrificing in the process the very means by which so many lives have been enriched and bettered. Accordingly, a shared desire to address these and other societal problems should compel us to rethink our prescriptive approach to ESG and instead find ways to encourage our most precious resource—our people—to devise solutions to the climate-related and other challenges our societies face.

In the United States, the idea of enlisting the securities laws to achieve ESG objectives is gaining traction among activists and policy elites with a particular emphasis on requiring disclosure of specific ESG metrics. Some are urging us to closely align our rules with our European friends who long have been working on devising a comprehensive set of ESG disclosure metrics. Others would like to see us rely on standards developed and governed by an international body, such as the work being contemplated by the International Financial Reporting Standards Foundation. Indeed, there is mounting pressure to embrace a single global set of metrics, which would facilitate international capital flows and issuers' reporting obligations.

The result of global reliance on a centrally determined set of metrics could undermine the very people-centered objectives of the ESG movement.

At first glance, everything sounds good—common metrics demonstrating a joint commitment to a better, cleaner, wellgoverned society. Common disclosure metrics, however, will drive and homogenize capital allocation decisions. A single set of metrics will constrain decisionmaking and impede creative thinking. Unlike financial accounting, which lends itself to a common set of comparable metrics, ESG factors, which continue to evolve, are complex and not readily comparable across issuers and industries. The result of global reliance on a centrally determined set of metrics could undermine the very people-centered objectives of the ESG movement by displacing the insights of the people making and consuming products and services.

Hampering the ability of the markets to collect, process, disseminate, and respond to price signals by boxing them in with preset, government-articulated metrics will stifle the people's innovation that otherwise would address the many challenges of our age. Moreover, converging standards would be antithetical to our existing disclosure framework, which is rooted in investor-oriented financial materiality and principles-based requirements to accommodate the wide variety of issuers.

The European concept of "double materiality" has no analogue in our regulatory scheme and the addition of specific ESG metrics, responsive to the wide-ranging interests of a broad set of "stakeholders," would mark a departure from these fundamental aspects of our disclosure framework. The strength of our capital markets can be traced in part to our investor-focused disclosure rules and I worry about the implications a stakeholder-focused disclosure regime would have. Such a regime would likely expand the jurisdictional reach of the Commission, impose new costs on public companies, decrease the attractiveness of our capital markets, distort the allocation of capital, and undermine the role of shareholders in corporate governance.

Let us rethink the path we are taking before it is too late.

The views represented herein are my own views and not necessarily those of the U.S. Securities and Exchange Commission or my fellow Commissioners.

CARMINE
DI NOIA
Commissioner,
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A sustainable ESG strategy to avoid unsustainable consequences

Financial markets do love heterogeneity. Corporate Governance last decade's debate has been centred on the idea of cultural and gender diversity. Modern finance theory itself is grounded on the principle of diversification: Markowitz's portfolio selection framework is based on the research of uncorrelated assets.
In order to valorise heterogeneity (of contents), however, we need homogeneity (of forms).

A single shared language must be spoken within a boardroom; agreed measures of risk/returns must drive every portfolio selection.

The same holds for corporate information: specificity of context must be conveyed through standardized and comparable languages. This is particularly true with regards to the emerging wave of ESG information.

The biggest challenge for our generation, with Covid-19, is climate change and, attached to this, the related social inequality and human rights violations. We decided to tackle these issues requiring companies to be to be sustainable in order to receive funding. This is a strategy that puts a heavy responsibility on us. EU has a very strong commitment and our job is to enforce EU ESG regulations but also to put in place, in my view, a surveillance on any unintended side effect that has to be reported back to EU to fine tune the framework.

Much more is needed. Transparency and standardization must be the core of our strategy, i.e. data. Data published by companies, and lately, as remarked by ESMA, ratings published on companies. Beneath these needs there is also the need of consistency and comparability in sustainability reporting drawn up with different standards. It's so impelling that this is the way on which are working the standard setters of the non-financial information, (CDP), Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC) e Sustainability Accounting Standards Board (SASB) and on which both IFRS Foundation and EU, by means of EFRAG and ESMA, are moving.

The priority now must be a clever proportional regime for disclosing non-financial information. Disclosure has a cost; so many companies simply do not disclose their ESG situation. If investors and lenders became more demanding on 'green' and 'sustainability', a side effect could quickly arise: a company that does not disclose ESG information can be cut off by financial market or, at least, by cheap funding. Obviously this is the aim of the strategy in the background, but the size of the company 'matters'; while big companies can afford big investments in transition and in reporting, SMEs have to decide whether to invest in transition in sustainability or in disclosure or in which mix of these, because the cost of disclosure could be not light. This need of proportionality becomes more urgent the more we approach standardization and ratings and reports are issued. Moreover, poor, or lack of, non-financial information could also have an impact on the supply chain entities in case the top-chain company requests all the suppliers to disclose their ESG data. Not providing this could lead a cut off even here.

The priority must be a clever proportional regime for disclosing non-financial information.

Related to this, if we think about production district, whose typical feature is to be built up on many specialized micro and small companies, then we can have – and in Italy we do have many textile, mechanics, furniture districts – wide regions where the success of the general strategy, if not accompanied by deemed disclosure, can be potentially disruptive due to the effect either on the funding (being cut off by cheap one) and on the revenues (being cut off by supply chain).

We need to manage the possible unintended consequences that ESG strategy may have more negative immediate effects on people and communities than positive future effects on the environment.

KATHARINE BRADDICK
Director General,
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The case for global corporate sustainability reporting standards

Investors, governments, civil society and citizens are demanding better information from companies about social and environmental performance and impacts, but the reliability and the quality of reporting is often lacking. Today there is significant global variation in the information on sustainability impacts that many stakeholders want corporates to disclose. However, in the case of financial markets – which by their nature are inherently international – there is an acute need for global comparability.

Consistent corporate disclosure of sustainability-related information relevant for enterprise value is foundational to investors managing short, medium and long-term sustainability risks. Voluntary sustainability metrics, frameworks and standards in this area have proliferated in recent years, most notably through the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. Today, the TCFD has become the pre-eminent framework for climate-related reporting on enterprise value.

Whilst private sector convergence around the TCFD is clear, voluntary action in the private sector has most likely progressed this cause as far as it can, to the point where public sector co-ordination is now needed to ensure consistent, comparable and reliable disclosure. With that in mind, last year the UK became the first country in the world to announce our intention to make TCFD aligned disclosures fully mandatory across the economy by 2025. Of course, the EU's ambition on sustainable finance has also been world-leading, marked by an unrelenting focus on aligning the economy with the Paris Agreement objectives. One foundational element of this is the on-going review of the Non-Financial Reporting Directive (NFRD) which is seeking to significantly strengthen corporate sustainability reporting in the EU.

Global baseline standards are the only way to deliver truly consistent and comparable sustainability reporting across jurisdictions

Nevertheless, although jurisdictional sustainability disclosure regimes – being developed in the EU, UK and elsewhere - are an important lever for improving the quality and quantity of reporting, so too are common international standards. Such global baseline standards, built from the now established TCFD, are the only way to deliver truly consistent and comparable sustainability reporting across jurisdictions. Whilst a few months ago this might have seemed impossible, today's geopolitical context makes this not just feasible, but increasingly likely to happen at pace.

The IFRS Foundation are rapidly advancing the establishment of a Sustainability Standards Board (SSB) under their remit, in close collaboration with IOSCO, FSB and other international organisations, with preparatory work on the development of standards underway. Ahead of COP 26, the UK government is calling on countries to announce their intention to implement TCFD disclosure obligations across the economy, and to join us in supporting the proposed IFRS SSB, with a view to seeking to adopt future SSB standards when appropriate.

Crucially, standards from the IFRS SSB will be delivered through a building blocks approach, allowing individual jurisdictions and regions to supplement baseline international standards with additional domestic corporate disclosure requirements that capture wider sustainability impacts. This is important given the SSB will develop standards on information relevant to investors on enterprise value creation in the short, medium and long-term.

The UK fully supports this building blocks approach, it promotes international convergence on a global baseline, without constraining the ambition of individual jurisdictions or regions. This will be an important consideration for the EU, as it explores establishment of a European sustainability reporting standard-setting body. With that in mind, IOSCO and the IFRS Foundation are progressing the establishment of an expert multi-stakeholder committee to help the SSB co-ordinate with reporting requirements on wider sustainability impacts.

The EU's long-standing commitment to promoting international standards, and leadership and expertise on sustainability disclosure, places it in a unique position to both inform and integrate common baseline international reporting standards. At the same time, EU leadership – including through the International Platform on Sustainable Finance - is needed to promote cross-jurisdictional convergence on sustainability reporting matters that stretch beyond this baseline.

ANNE FINUCANE
Vice Chairman,
Bank of America and Chairman,
Bank of America Europe

The ESG agenda needs global actionable commitments

For some years now, we have seen an increased focus from the private sector in addressing society's most pressing issues. Now, the ESG agenda has real momentum, and collaboration is key. It is vital that companies across industries work together to achieve the United Nations Sustainable Development Goals (SDGs).

Even before the pandemic, there was an understanding that it would take the creativity, innovation, energy and resources of the private sector to address the major needs of society, as broadly reflected in the SDGs.

Companies have responsibilities to all their stakeholders – shareholders, clients, employees, and partners in the communities where they operate. There is an increasing expectation that companies should integrate ESG considerations and impact into their core purpose, strategy and operations. This is being driven by three big dynamics: 1) widespread understanding and agreement that there are large, systemic global issues that we must address urgently; 2) the growing belief that corporations have a role and responsibility to address these issues (stakeholder capitalism); and 3) an increased understanding – validated by BofA Global Research -- that companies that manage ESG well perform better over time. This, in turn, helps prompt investors to direct capital toward companies with strong ESG characteristics.

However, we need effective principles of governance to ensure companies are really integrating ESG into their operations. Stewardship, accountability, and transparency are the principles companies should follow. Stakeholders are seeking greater transparency around ESG alongside the transparency in financial reporting that companies already provide. However, the current ESG reporting ecosystem is complex, with ratings organizations and standards setters offering different and sometimes contradictory performance metrics and assessments. Companies and their stakeholders may struggle to know which evaluations matter.

To make real progress, especially in addressing climate change, we need global, actionable commitments and true private-public collaboration and cooperation.

Bank of America therefore supports straightforward, global standards for ESG disclosure, so that companies can demonstrate long-term sustainability and update their progress, alongside their financial reporting, in Annual Reports and other filings. We worked with global accounting firms Deloitte, EY, KPMG, and PwC, together with the World Economic Forum, to help develop common metrics drawn from the most prominent and established standard-setters. More than 70 companies have now signed on to this effort, and that number is growing. The work is contributing to a broader movement toward a global, regulator-approved standard for ESG disclosures. The involvement of private sector companies in this movement is critical.

Private sector action should take place alongside the public sector. Government programs, including statutes and regulations, can be important drivers of change. Often, government defaults to "sticks" – regulation or restrictions if economic concerns don't take the desired actions. But the private sector is leading in many instances, and the public sector can encourage accumulation of private sector participants through incentives. Incentives, combined with regulations, have worked very effectively. In the US, for example, renewable tax credits have driven significant scale-up of wind and solar investments, making them cost effective today.

In Europe, the EU has taken the lead on the fight against climate change, sustaining and even increasing the pace throughout the pandemic. Europe is committed to addressing climate change and driving toward a low-carbon, sustainable future. This is what the EU Green Deal demonstrates: a fully-fledged and purpose-driven plan for Europe to reach its climate neutrality goal. But the Green Deal might consider including incentives to further stimulate private sector engagement and allow a green economic recovery as well as a just transition.

The US is once again at the same table as the EU and the rest of the world, increasing the focus on the ESG agenda. To make real progress, especially in addressing climate change, we need global, actionable commitments and true private-public collaboration and cooperation.

NATALIE WESTERBARKEY

Director & Head of EU Public Policy, Fidelity International

Globally consistent ESG policies are indispensable for international finance

Undoubtedly, sustainable finance is accelerating as investor demand is rising. In order to meet the demand, asset managers and financial institutions are increasingly incorporating ESG criteria into the investment and distribution process. In parallel, corporates are working to provide greater transparency through non-financial reporting. Fidelity International developed an in-house proprietary ESG rating tool launched in 2019, evaluating its investee companies on ESG metrics. This approach is a key building block for enhanced corporate engagement on non-financial factors with investee companies, and in response to investor client demand as well as policy expectations. Recent data evidence confirms a correlation between financial and non-financial factors, as companies with robust ESG scores have on average suffered less financial loss and outperformed.

To continue the journey from here, the work of policy makers in the area of sustainable finance is indispensable for the success of the financial sector and corporates to transition towards a greener financial system and economy. ESG policies provide guidance for asset owners, managers and corporates on the definition of sustainable economic activities and their application in practice. It is imperative that ESG standards converge at international level so to prevent regulatory arbitrage across global jurisdictions, as capital flows are international, and corporates operate across global supply chains.

At the heart of the success lies an improved and standardised approach to corporate disclosure. In the EU, corporate transparency is driven by a revised EU Non-Financial Reporting Directive (NFRD), which is expected to result in more comparable and meaningful disclosures. Consequently, investors may have better quality data in future when engaging with the investee companies on sustainable corporate governance. However, investors are already valuing corporates on both their financial and non-financial performance today, since the EU's Sustainable Finance Disclosure Regulation (SFDR) entered into force in March 2021.

It is imperative that ESG standards converge at international level.

Therefore, it is essential that corporates swiftly disclose non-financial data based on international frameworks existing today, developed already by SASB, the Sustainability Accounting Standards Board, and the FSB's TCFD, the Financial Stability Board's Task Force on Climate-related Financial Disclosures created in December 2015. EU sustainable policy initiatives ideally would build on these frameworks and develop them further as envisaged through the double materiality concept embedded in the future, revised EU NFRD.

Likewise, it is welcomed that EFRAG, the European Financial Reporting Advisory Group, aims to ensure that IFRS - International Financial Reporting Standards - takes into account European needs. Consequently, the investor community is hopeful that globally consistent minimum sustainable reporting standards are developed by policy makers and existing frameworks applied today by the corporate community, responsive to regional needs. IOSCO's urgent call for globally consistent, comparable and reliability disclosure standards in February 2021 and commitment towards working with the IFRS to develop an SSB - Sustainability Standards Board - is highly encouraging to achieve global convergence.

The EU's efforts to establish a dialogue through the International Platform on Sustainable Finance (IPSF) could be the critical path towards achieving global convergence of ESG standards and already includes major countries in the Americas and Asia Pacific. Hence, asset managers welcomed that the United Kingdom joint the IPSF at the beginning of 2021 and encourage also the United States becoming a member, as they are indispensable in successfully achieving the global convergence of ESG standards. COP26 this year will also represent a key opportunity to align international sustainable finance policies.

Most importantly, in the interest of investor protection - both retail and institutional investors - international convergence of ESG standards including eco-labels for financial products will be vital. Ideally these in future will be built on global, not just on regional policy initiatives such as the EU Taxonomy, corporate disclosure and SFDR ESG product classification. Hence, international ESG policy convergence will ultimately benefit the end investor.

JESSICA GROUND
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Capital Group

Why reporting on human capital matters

The events of 2020, including the impact of Covid-19 on social imbalances and the murder of George Floyd have very firmly put the "S" back into ESG. However, apart from media headlines bringing social considerations into the spotlight, little has been said about what this might look like for company reporting.

ESG reporting today

ESG-related disclosures by issuers are largely made on a voluntary basis. In the absence of a mandatory ESG disclosure framework, companies exercise their own discretion in determining which ESG risks and opportunities are material to their business and which to disclose to investors. The result has been a lack of consistency, quality and comparability of ESG data, which is of limited value to investors.

Companies are making progress on environmental and governance reporting. Indeed, they have been providing governance reporting in one form or another since the first corporate came into being. The Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) has helped make progress on a major aspect of environmental reporting with a focus on climate change-related risks.

What is the state of Human Capital reporting?

In the last year, Capital Group invested over 4,000 hours of analysts' time in building our bottom-up ESG frameworks. These frameworks give us an excellent understanding of which issues matter most to the companies in which we're invested. This in turn builds our understanding of the impact that companies have on their local communities, the broader economy and the market as a whole. This level of detailed analysis reveals just how much an issue of unique importance, human capital is.

Today, there is little or uneven reporting on even the simplest human capital indicators.

More and more of the value of companies, and hence the savings of people, is represented by intangible assets such as software, brands and data, all of which is driven and sustained by human innovation. Yet while an investor can find out exactly how much is invested in research and development or the cost of new equipment, finding out how much has been invested in workforce training is much more difficult.

> **It is widely acknowledged that we face a climate emergency...**

What is missing from current requirements?

Last year, the Securities Exchange Commission (SEC) acknowledged the importance of human capital but stopped short of providing specific reporting requirements. They called for companies to disclose the number of employees and a description of its human capital resources if material to the business as a whole.

Training, recruitment, safety, engagement and mention of objectives are all voluntary. This coupled with US Generally Accepted Accounting Practices (GAAP) requirements means that even calculating what the average employee earns is difficult.

The EU's Non-Financial Reporting Directive (NFRD) currently has one human capital reporting requirement, on diversity. But the fact that individual member states have added in additional requirements such as board diversity, distribution of employees in terms of age, gender and pay indicates more is needed.

What we'd like to see

Companies are reporting more on a voluntary basis but much more can be done to encourage more disclosure of the following:

1. Total workforce cost
2. Employee turnover
3. Comprehensive workforce demographic data (EEO-1 equivalent in the US)
4. Total cost and hours of employee training provided
5. Gender pay gap reporting
6. Monitoring of internal engagement and workplace culture

What is also crucial is that this information and these disclosures apply globally. Indeed, global consistency is a key factor in allowing investors to make valuable comparisons across regions and can help companies draw financing from a wider range of investors.

We believe these six metrics would put "S" on equal footing as other types of environmental and governance metrics. It is widely acknowledged that we face a climate emergency, let's not wait for the next human emergency before we start reporting on human capital.

KAY SWINBURNE
Chair of KPMG's EMA FS Regulatory Insight Centre (RIC) and Partner, KPMG in the UK

Defining ESG: the journey to convergence

In order for financial firms and institutional investors to measure their ESG exposures, they need data from the companies and projects they fund, insure or invest in, including other financial firms and products. Without mandatory and consistent definitions, metrics and reporting, it is difficult for firms to obtain the data they need, let alone verify their accuracy. Listed corporates are responding by improving their ESG reporting and credentials, but there are still many data gaps, a lack of consistency and differences across asset types.

Individual jurisdictions are taking different approaches to sustainable finance regulation. Some governments have developed over-arching strategies. Some regulators have adopted specific requirements, while others have, to date, tended to leave it to market forces. Given global concerns about the diverse range of sustainability standards, standard setters have joined forces to strive for consistency in corporate reporting, including recent confirmation by the IFRS Foundation Trustees of their intent to establish a global sustainability reporting standards board, building on existing frameworks. So, there is progress, but there is still a long way to go.

A fundamental difference is whether we are talking about climate change, environmental risks more widely or the full set of ESG factors. The UN Sustainable Development Goals, the recommendations of the Taskforce on Climate-related Financial Disclosures, the EU Taxonomy Regulation and Sustainability Accounting Standards Board (SASB) framework focus on different aspects. They are also a mix of definitions, metrics and reporting standards, as are the various industry initiatives. Other jurisdictions are entering the debate but are indicating they intend to write their own detailed requirements, which may make convergence challenging.

Throughout the convergence journey, a balance needs to be struck between detail and flexibility.

Around the globe, the focus is largely on corporate reporting and rules for listed firms. The EU financial services industry is at present alone in also being subject to specific ESG FS regulation. Those rules currently fall on benchmarks providers and the buy-side (asset owners and managers). They require disclosures at both company and product levels. The fact that these FS disclosures are different and additional to corporate reporting can be confused. And more product rules are on their way: the Green Bond Standard and EU Eco-label for retail products.

The EU supervisory authorities have set our clear expectations that banks and insurers should incorporate ESG risks into their overall risk frameworks and stress testing. The UK PRA led the way on this and the US Federal Reserve Bank has recently indicated similar expectations. EU regulation is expected in this area, too. The European Commission's renewed Sustainable Finance Strategy includes proposals that climate and environmental risks should be fully managed and integrated into financial institutions' operations, and that social risks should be considered where relevant.

In order to comply with this rapidly growing body of regulation, firms need data that are not only comprehensive and consistent, but also reliable. It is notable that the Technical Expert Group's recommendations to the Commission on the Green Bond Standard include mandatory verification by an external accredited verifier, of both the bond's framework and its allocation reports – how proceeds have been used. There is no similar requirement yet for external assurance on corporate reporting that sits outside the audited financial statements. A few companies are voluntarily seeking such assurance, but until this becomes commonplace, users have to trust the veracity of the disclosures made.

The journey to convergence will not be easy. The more detailed standards and rules become in one jurisdiction, the more difficult it may be for others to converge with them. This tension is playing out within the EU as regards the detailed Level 2 rules under the Taxonomy Regulation. The 30-page Level 1 Regulation is already supplemented by 500 pages on two of the six environmental objectives with perhaps 1,000 more pages to come. And the debate on defining S – social – has still to come. Throughout the convergence journey, a balance needs to be struck between detail and flexibility.

DANIEL HANNA

Global Head,
Sustainable Finance,
Standard Chartered Bank

Improving sustainability reporting to catalyse private finance

It has been a challenging year. The growth in sustainable finance and the momentum to 'build back better' in response to the Coronavirus pandemic are small positives but are important ones that can set us on the path to a more environmentally and socially sustainable world.

Complementary to this growth, we are seeing the steady and inexorable shift from the consideration of environmental, social and governance (ESG) issues as reputational matters to a reflection of a company's performance. This is an important driver of capital inflows to 'sustainable', 'ESG' or 'climate' activities. It also raises the bar on the volume of information that the financial sector needs from its clients in identifying the underlying economic activity, and that it needs to provide to investors on the extent to which their investment has enabled sustainable outcomes.

The drive for more information is not just coming from the financial sector. Our 'Zeronomics' report (https://www.sc.com/en/insights/zeronomics/) shows 81% of senior managers of companies want standardised, globally consistent measurement and reporting standards and believe these would help accelerate their net-zero journey.

Reporting frameworks are a critical tool in unlocking investment in the fight against climate change and the delivery of sustainable development globally. Yet we know that access to capital remains a key barrier. The financing required to keep global warming to an increase of just 1.5 °C may be as high as USD8 trillion annually, and the UN estimates that the funding gap to reach the Sustainable Development Goals (SDGs) by 2030 is USD2.5 trillion a year. As policymakers consider how best to enable sustainable or climate finance through reporting frameworks, we encourage progress in three areas.

First, greater focus on transition. Many of the frameworks put in place are backward facing, yet we are united in the goal of enabling the transition to low-carbon, which implies we are not where we want to be. Taxonomies, in this context, give a clear view of 'green' or, in the EU's case, 'net-zero aligned' exposures, but that is not the same as understanding a company's direction of travel and progress against those targets. Given the planet's finite resources, we also encourage moving the wider economy to reporting on a 'double materiality' basis to help in investment decision making, though financial materiality will take longer to establish.

> We need to recognise that impact matters as much as volume; indeed 'where' may be more important than 'how much'.

Second, international consistency and the avoidance of fragmentation. More effort is required to increase, improve and harmonise data and disclosures from all sectors of the economy, in particular from emerging markets which are the most at risk from climate change but also represent the biggest investment opportunities. Information is improving thanks to initiatives such as the Task Force on Climate-related Financial Disclosures. However, the quality and consistency of broader sustainability data is often poor, non-comparable and inconsistently disclosed.

Internationally, we are seeing fragmentation undermine progress. The proliferation of taxonomies for example prevents interoperability, increases the compliance burden on companies operating across multiple markets, and ultimately prevents global sustainable capital mobility. The International Platform on Sustainable Finance has great promise in bringing about convergence.

Finally, as we emerge from the Covid crisis with constrained resources, we need to recognise that impact matters as much as volume; indeed 'where' may be more important than 'how much'. A dollar invested can have a significantly different outcome depending on where and how it is deployed. As our first sustainable finance impact report (https://av.sc.com/corp-en/content/docs/Sustainable-Finance-Impact-Report-Sept2020.pdf) highlighted, financing a solar project in India will help avoid more than seven times the CO_2 from a similar-sized project in France given the current sources of power on those countries' grids. This is why we are proud that out of our USD3.9 billion of verified sustainable financing, 91% is in emerging markets and 86 per cent is in some of the world's least developed nations.

With the right frameworks put in place, with the EU leading on this important agenda, we can ensure that we meet the next global crisis – the climate crisis – head on.