

## RepRisk attends Responsible Investment Association Australasia (RIAA) conference in Sydney

‘Strategically Aware Investing’. At the risk of creating another TLA (three letter acronym) for SRI, ESG and RI, Dr Matthew J. Kiernan, founder of Innovest and now CEO, Inflection Point Capital Management opened the conference by postulating that we may like to think about what our pursuit of ESG integration into mainstream investment analysis really means. He went on to point out that this (RI) is not an ‘ideologically driven investment style’ but rather a ‘sensible risk management exercise’. Food for thought for the risk management community.

The 400 delegates in the room seemed to agree. Are we preaching to the converted at a conference such as this however? The presence of a greater number of traditional fund managers than previous years may demonstrate that the UNPRI is taking hold in Australia and New Zealand. Indeed some 70% of the delegates were Australian and New Zealand based with good representation by senior executives Canada, UK, US, China and Asia. If we listen to Dr Kiernan, this is simply sensible risk management and we as the ESG industry should look to ‘remove the double standard’ and put the ball back in the court of the industry financial analysts and ask them how they are pricing and communicating ESG risks to their clients.

The rest of the conference dealt with operational issues within the RI industry in Australia. How do we get the best information/ research to the right people at the right time? How do we create fit-for-purpose RI investment products? Is there in fact demand? How do we know this? How do we train and engage the financial planning community in case of retail investing. Likewise for institutional clients, at what stage will asset consultants be recommending RI products to their clients?

The standout presentation from an interest perspective was on ESG disclosure in China by Professor Hu Ruyin – Director, Research Centre, Shanghai Stock Exchange. Professor Hu’s presentation highlighted that China has created a Shanghai Stock Exchange corporate governance index with 240 companies represented. Those companies are diverse large locally listed as well as those dual listed in China and overseas. Evidently the Industrial Bank of China was the first Chinese Bank to sign the Equator Principles. Furthermore, the 17th September was an important date in Chinese CSI ECPI ESG Sustainable Development 40 Index which is made up of 40 domestic companies listed either on the Shanghai or the Shenzhen Stock Exchange, both joint owners of CSI. The index constituents will be the best Chinese companies meeting its sustainability criteria.

Interesting times in global ESG/ RI/ SAI. Could we see China perform in the global ESG industry in a manner akin to their performance in global Cleantech markets?