Free Risk Assessment
SEE PAGE 3

ISSUE 29 JUNE 2019

ECO:FACT QUARTERLY

The briefing for E&S risk experts

ECO:FACT QUARTERLY
The briefing for E&S risk experts

The ECOFACT Quarterly is a briefing on environmental and social risks relevant for the financial sector. This sample report includes the editorial, excerpts from three tables, and a limited selection of 11 news items from the 41 items featured in the full report. For information on subscribing to the ECOFACT Quarterly, go to the **last page.**

Editorial

Smoking Heads[1]

When we helped an institutional investor to establish normative guidance for their engagement strategy, they did not wish to include tobacco companies, stating that "the sale and consumption of tobacco are not prohibited."

Tobacco has now become a more complex issue. The latest **WHO data** indicates that tobacco kills more than 8 million people every year, of whom one million are non-smokers. More than half of tobacco users eventually die of tobacco-related diseases. According to the WHO, **"the tobacco epidemic is one of the biggest public health threats the world has ever faced."** Tobacco bears significant social and economic implications, **particularly in low- and middle-income countries,** where 80% of smokers live: "Tobacco users who die prematurely deprive their families of income, raise the cost of health-care and hinder economic development."

In the financial market, the **Tobacco-Free Finance Pledge** launched at the UN in New York in 2018 has already been signed by more than 100 financial institutions. A key message of the Tobacco Free Portfolio campaign is that the tobacco industry is a risky investment:

- According to the **WHO Framework Convention on Tobacco Control** (2005), countries continue to strengthen **tobacco control**. This also applies to low- and middle-income nations – which may threaten the revenue and growth models of tobacco companies.
- Questions have been raised about the seriousness of the tobacco industry's efforts to address tobacco-related problems. While tobacco industry players emphasize on websites in OECD countries that they market their products to adult smokers only, their product marketing in emerging markets seems less **restrained.**
- Others claim that tobacco companies have already deployed greenwashing strategies to address ESG issues such as child labor. The **Eliminating Child Labour in Tobacco Growing (ECLT) Foundation**, which is financed by many of the larger tobacco firms, is highly professional and does a lot of good. However, it is **severely underfunded** and lacks the concrete goals required to work earnestly toward the elimination of child labor in the tobacco supply chain.
- There is also a conflict between the assumption that consumers make free choices and the fact that tobacco products contain substances that are highly addictive, particularly for young brains.
- This is particularly pertinent when we consider **electronic nicotine delivery systems.** Researchers from **Stanford University** recently published a paper in which they observe that the very high nicotine levels in the products of market innovator JUUL, which is now partly owned by Altria, have also provoked competitors into increasing the concentration of nicotine in their products. Stanford's researchers believe that the rapidly rising popularity of high-nicotine products may drag an entire generation into addiction. According to the **US's Food & Drug Administration**, vaping among middle- and high school students increased alarmingly in 2018. **The FDA observes a "sharp and startling reversal of overall declines in youth tobacco use"** compared to previous years.

These observations make tobacco an **interesting case when it comes to discussing the value of ESG ratings.** In the words of Citi's analyst **Christopher Chapman**, "companies facing more acute ethical or sustainability issues tend to be better versed in disclosing against them." In his view, this distorts the relationship between ESG ratings and actual ESG performance. Any attempt to justify these ESG ratings will make your head smoke.

Olivier Jaeggi

References:

1. The German expression, *rauchende Köpfe*, smoking heads, captures the idea that your brain may start to fry if you work on a complex problem for too long.

Editorial
International standards
High-risk sectors
Emerging risks
Business case
Peer approach
New tools & databases
About
Subscribe

ECO:FACT QUARTERLY

The briefing for E&S risk experts

ECO:FACT QUARTERLY
The briefing for E&S risk experts

ISSUE 20 MARCH 2017

High-risk sectors — Oil & Gas, Mining, Forestry, Agriculture, Utilities, Chemicals, Other

Risk factor

Five African countries set fuel import standards

With support from UNEP, Nigeria, Benin, Togo, Ghana, and the Ivory Coast have moved to ban the import of fuel with sulphur content exceeding 50 parts per million (ppm). The permitted levels of sulphur in imported diesel will fall 3,000 ppm in some of the countries. Although technically legal, cheap 'dirty fuel' has been shipped from Dutch ports that would be prohibited for use in the EU – the maximum level in Europe has been 10 ppm since 2009. Diesel emission standards will assist African countries to address air pollution and the health and safety of the population and environment. The initiative also involves upgrading existing national refineries to produce fuel to these standards by 2020. December 6, 2016.

Read more (1) → Read more (2) →

Risk factor

Report ordered by US Congress finds fracking contaminates drinking water

The US Environmental Protection Agency (EPA) has released the final version of the report: "Hydraulic Fracturing for Oil and Gas: Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources". The EPA has found that when certain geological conditions are coupled with certain management practices, groundwater resources can become contaminated with the oil and gas extraction chemicals. This includes during the injection, discharge, storage, and clean-up of fracking fluids. Despite being able to identify factors that contribute to frequency or severity of impacts to water, the EPA cites data gaps and uncertainties in preventing the ability to "calculate or estimate the national frequency of impacts". December 13, 2016.

Read more → The study →

Risk factor

Subsidies for fossil fuel production should be removed to help reduce climate change

The working paper "Zombie Energy: Climate benefits of ending subsidies to fossil fuel production" discusses how fossil fuels deposits would no longer be profitable if the subsidies were removed. The International Institute for Sustainable Development has used new modelling to include the estimated amount of coal, oil and gas that would become uneconomical to produce with the removal of the subsidies – along with the greenhouse gas emission reductions it would lead to. February 14, 2017.

Why we think it matters: In May 2016, the G7 nations set a deadline for ending most fossil fuel subsidies, stating that support for coal, oil, and gas should end by 2025. However, investors and insurers have called on the G20 countries to phase out fossil fuel subsidies as early as 2020, with aims to reduce climate risk and accelerate investment in green alternatives.

Read more → The report →

Regulation

US making moves to weaken legislation on conflict minerals...

On January 31, 2017, Michael Piwowar – the US Securities and Exchange Commission Chair – issued a statement explaining that he has directed his department to reconsider compliance and if "additional relief" from requirements is needed for companies. This is in light of ongoing litigation concerning the Conflict Minerals Rule's violation of the First Amendment. Piwowar's suggestion that the Rule "undermines US national security interests" could lead to legal justification for a two-year halt to and/or a full repeal of the Conflict Minerals Rule – a disclosure rule set in the 2010 Dodd-Frank law. This stipulates that manufacturers must reveal to investors if minerals used in their products were sourced from the Democratic Republic of Congo. January 31, 2017.

Read more (1) → Read more (2) →
Read more (3) → Read more (4) →
Read more (5) →

... while the EU establishes due diligence requirements

Alongside this, the EU has agreed to legislation that by 2021 importers of tin, tungsten, tantalum, gold and their ores must conduct due diligence investigations on their supply chain – including smelters and refiners. The move is intended to prevent the mineral trade from financing armed conflict. Human rights groups have commented that by excluding the import of finished products containing the minerals – as well as providing exemptions for many companies – the agreement is "half-hearted" and neglectful of other minerals of concern (such as cobalt). February 3, 2016.

Why we think it matters: Many US-based companies have announced they will continue to apply due diligence on conflict minerals, also stating that they will consult the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Read more (1) → Read more (2) →

Risk factor

Child labor and impoverished farmers are widespread in Madagascar's vanilla industry

A recent report has shown that retailers and exporters are exploiting already poor Madagascar farmers and ignoring child labor. Danwatch, a research and media center, has found these businesses are also profiting from the USD 192 million trade in Madagascan vanilla – about 80% of the spice sold on the global market is from Madagascar. The executive director of Danwatch says the investigation highlighted that there is not sufficient traceability and transparency in supply chains. He said: "Several of the importers and retailers [we] have spoken with are not able to say which specific farms their vanilla comes from, and whether there is vanilla in their supply chain that has been produced by children". December 8, 2016.

Editorial | International standards | High-risk sectors | Emerging risks | Business case | Peer approach | New tools & databases | About | Subscribe

5

Offer for new subscribers: **Free** Risk Assessment

Get a free risk assessment when you subscribe to the ECOFACT Quarterly.

To subscribe, or for more information on the offer, please contact **Anna Reimann** at **anna.reimann@ecofact.com** or call **+41 44 350 60 60**

*We will dedicate up to 10 hours to the assessment. There may be a waiting list.

"Useful and much-appreciated report among Swiss Re's ESG experts."
Swiss Re

"Well-prepared, practical information that meets our needs in addressing environmental and social risks."
UniCredit Group

"Very well done, and extremely useful for our daily work."
Commerzbank

International standards

Updates on cross-sector environmental and social standards which might be relevant as a benchmark for risk assessments.
Scope: key developments related to the most important international environmental and social standards.

→ Working Group develops guiding principles to tackle gender discrimination in business

Despite improvements in legal protection, women around the world continue to experience discrimination, harassment, exploitation, and violence in all spheres of life, says the Working Group on Business and Human Rights. Based on documentation of widespread human-rights abuse, its recent report, *Gender dimensions of the Guiding Principles on Business and Human Rights,* submitted to the Human Rights Council pursuant to Council resolutions 17/4 and 35/7, urges businesses to address this situation. The Working Group summarizes its 31 guiding principles as a tri-fold effort: Firstly, conduct informed and inclusive gender-responsive assessments of the discriminatory potential of current policy and practice. Secondly, make a public commitment to gender-responsive measures, such as affirmative action. Thirdly, engage with gender-sensitive experts and policy-makers to research, amend, and implement gender-specific remedies. May 23, 2019.

Read more (1) → Read more (2) →

Why we think it matters: No country in the world is currently on track to achieve gender equality by 2030 as proposed by the Sustainable Development Goals. The investment business is considered to have one of the lowest percentages, if not the lowest percentage of female leaders when compared to other industries. Women also control a mere 1% to 3.5% of assets under management. While there are various reasons for this, there is clearly a lack of substantial action being taken to achieve greater gender diversity in the industry. This means not only that investment firms might be missing out on positive returns connected to gender diversity at top level, and on promising talents, but also that the lack of effort might increasingly be seen as failing to comply with the UN Guiding Principles on Business and Human Rights.

Coming soon:	Expected by:
Equator Principles (EP): Targeted review	Late 2019: Launch of the EP4
UNEP FI Principles for Responsible Banking	September 22, 2019

High-risk sectors

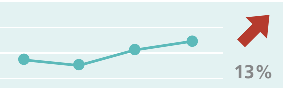
Developments relevant to six specific high-risk sectors, such as news on risk factors and trends, the relevant regulations, and best practices. The table below contains an update on controversies, and comments on the corresponding reputational risk for financial institutions.

Information based on RepRisk data

RepRisk runs the most comprehensive database on environmental, social and governance (ESG) risk. RepRisk systematically collects and analyzes negative incidents, criticism, and controversies about companies and projects worldwide, and offers information on activities related to human rights violations, breaches of labor standards, corruption, environmental damage, and violations of international standards. www.reprisk.com

Analysis based on RepRisk data, combined with insights gained in ECOFACT's consulting practice

The grades take into consideration the degree of reputational risk to financial institutions that is associated with investments in the subsectors mentioned. **An "A" indicates that transactions related to this topic present comparably low reputational risk, while an "E" indicates high reputational risks.**

		Level of controversies # of RepRisk risk incidents per quarter and trend of the last three months† (JJA, SON, DJF, MAM)	**FI exposure** Share of news criticizing banks and / or insurers	**ECOFACT summary**	**ECOFACT risk rating**
Oil and gas	Hydraulic fracturing	 71%	8%	Oil and gas companies continue to face criticism for the impact of fracking activities, such as excessive water consumption, the risk of ground-water contamination, and a suggested link between fracking and increased seismic activity. The practice is opposed by communities in large parts of Europe, where some countries have introduced temporary bans. Some banks have announced that they will limit their associations with fracking companies. FIs involved in fracking and related infrastructure projects face reputational risks.	D
Utilities	Coal-fired power	 13%	21%	Coal-fired power remains highly controversial due to its impact on human health and the environment, and particularly to its contribution to climate change. FIs involved in financing coal-fired power plants or with clients associated with the coal industry are frequently targeted by NGOs. Increasing numbers of FIs are distancing themselves from coal-fired power projects and companies.	E

†The green / red arrows mean that the number of RepRisk risk incidents has fallen or risen by more than three risk incidents in the last three months, whereas the orange arrow means that the change in the number of RepRisk risk incidents in the last three months has been smaller than three. *Indicates a change in the ECOFACT risk rating compared to the previous quarter.

High-risk sectors

Oil & Gas Mining Forestry Agriculture Utilities Chemicals Other

Risk factor

ICMM and PRI working towards international standard for mining tailings storage

Tailings dam collapses, such as the breached Vale dam in Brazil that killed almost 300 people in January 2019, are attracting increased media attention. In response to this, a group of ethical investors, industry representatives, the Principles for Responsible Investment (PRI), and the UN Environment Programme have joined forces to establish an international standard for mining tailings storage. Aiming for completion by the end of 2019, this collaborative enterprise is in its initial stages, and an independent chair and a multi-stakeholder advisory panel will be appointed before moving forward. March 29, 2019.

Read more (1) → Read more (2) →

Best Practice

London Metal Exchange drives supply chain transparency

The world's largest metal market, the London Metal Exchange (LME), could ban irresponsibly sourced brands by 2022. New, more stringent standards released in April outline a proposed Red Flag Assessment scheme designed to help root out metal tainted by child labor and corruption. According to the LME, this proactive effort to clean up supply chains responds to public demand for transparent and ethical sourcing. Cobalt, used in the batteries that power electric vehicles, is mined by small, independent operations largely in the Democratic Republic of Congo, where supply chains are not strictly monitored. While careful not to outlaw smaller operations to the benefit of larger miners, the LME aims to assess all exchange-traded participants by 2020 and requires transparent supply-chain information by 2024. Brands that flag red for abuse risks face compliance auditing. April 23, 2019.

Read more (1) → Read more (2) →

Risk factor

Risks and opportunities in booming aquaculture

A new report by the FAIRR initiative, an investor network focusing on ESG risks and opportunities in the livestock sector, sheds light on hitherto little understood ESG risks associated with aquaculture. Fish farming has not only overtaken wild fishing as the primary seafood production method worldwide, but is also growing at a higher annual rate than the combined meat production deriving from all terrestrial animals.According to Shallow returns? ESG risks and opportunities in aquaculture, the industry faces a number of sustainability issues, including climate change, marine pollution, disease outbreaks, antibiotic use, forced labor, and fish welfare. A recent example of the challenges faced by the industry is the loss of more than USD 82 million due to at least eight million farmed salmon that suffocated in Norway due to a persistent algae boom. If not tackled, these risks are expected to have a significant impact on the performance of aquaculture companies. June 5, 2019.

Read more (1) → Read more (2) →
Read more (3) →

Emerging risks

Risks that may become material in the near future or are relevant when looking into a company's business model, but are not yet considered as highly significant risks from a financial institution's reputational risk perspective, or are not related to a high-risk sector.

Biodiversity

→ **Nature in crisis: bio-diversity under the microscope**

Representatives of more than 130 governments have finalized the most comprehensive scientific assessment of global biodiversity (the interconnected, natural ecosystem) ever undertaken. The strongly worded report, spearheaded by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), found that as a result of climate change, soil degradation, and deforestation, nature is now disappearing at such alarming rates that we are facing a mass extinction event. IPBES warns that if we lose biodiversity, we risk total environmental collapse; "transformative change" is the only way to avoid disaster. The OECD has published *Biodiversity: Finance and the Economic and Business Case for Action,* which identifies ten priority action areas, including clearly defined biodiversity targets, shared responsibilities, policy coherence, economic incentives, sourcing finance from all quarters, global tracking and reporting systems, and a multi-stakeholder advisory group. May 6, 2019.

Read more (1) → Read more (2) → Read more (3) → Read more (4) → Read more (5) → Read more (6) → OECD report →

Why we think it matters: While the issue of biodiversity has long been a topic of concern for financial institutions owing to reputational risks – many early NGO campaigns targeting banks were linked to biodiversity issues, the issue is now likely to lead to regulatory action similar to that taken to address climate change. Such regulation might eventually also target the financial industry.

Editorial International standards High-risk sectors Emerging risks Business case Peer approach New tools & databases About Subscribe

Air pollution

➔ Air pollution's fine particulate matter linked to organ damage and disease

A two-part scientific review of the impact of airborne fine particulates on the human body has been published in *Chest Journal*. Harm to virtually every part of the body, including developing fetuses, has been documented. Air pollution has been linked to, for example: lung cancer, bladder cancer, strokes, childhood leukemia, reduced cognitive function, higher risk of dementia, lower child intelligence, diabetes, skin problems, and osteoporosis. The particles enter the body via the lungs, circulate through the bloodstream, and trigger an inflammatory response as the body tries to fight in the same way it would attack a bacterial or viral infection, but the immune response has no impact. The World Health Organization calls the growing problem of poor air quality a "public health emergency" and attributes 8.8 million premature deaths every year to the problem – more than linked to tobacco smoking. May 17, 2019.

Why we think it matters: David Boyd, UN Special Rapporteur for Human Rights and the Environment stated that the right to clean air is tied to the fundamental right to a healthy environment. Noting that someone in the world dies prematurely from air pollution every five seconds, he has called on governments and businesses to urgently act on air quality.

Read more ➔ Study 1 ➔ Study 2 ➔

Business case

Information that underlines the business case for environmental and social risk management in financial institutions.

➔ EU Parliament legislates sustainability disclosures for financial services sector

When the EU Parliament approved the *EU Regulation for Sustainability-related Disclosures in the Financial Services Sector,* it mandated transparency requirements regarding the financial sector's responsibilities to society and the environment. As part of the EU Sustainable Finance Action Plan, the regulation obliges financial institutions to integrate sustainability risks and impacts into processes and financial products, and stipulates reporting expectations aligned with international due diligence standards such as the Organisation for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible Business Conduct. April 18, 2019.

Read more (1) ➔ Read more (2) ➔

➔ ECOFACT Policy Outlook users can find additional information here.

Policy Outlook, a monitoring and implementation package, covers regulatory change pertaining to ESG and corporate responsibility issues. Click **here** for further information.

➔ NGFS report calls for action from the financial sector to meet Paris Agreement commitments

In a comprehensive report released by the Network for Greening the Financial System (NGFS), climate issues are identified as a cause of structural change in the financial system. Formed in 2017, the NGFS is an international group of 34 central banks and supervisors. Pointing out that climate-related issues are far-reaching, foreseeable (to a certain extent), irreversible, and dependent on short-term actions, the group takes the position that "there is a strong risk that climate-related financial risks are not fully reflected in asset valuations, [and] there is a need for collective leadership." The report presents four recommendations for central banks, supervisors, and financial centers, hoping to inspire action based on best practices. Two further recommendations target policy makers and the private sector. The NGFS intends to issue i) a climate and environment risk management handbook; ii) voluntary guidelines for scenario-based risk analysis; and iii) best practices for central banks to integrate sustainability criteria into portfolio management. Meanwhile, Mark Carney, Bank of England governor, along with Bank of France's governor François Villeroy de Galhau and NGFS Chair Frank Elderson, issued an open letter on the "obvious risks" of the "catastrophic effects of climate change" and called for immediate action from policymakers and the financial sector. Although meeting climate goals will require "a massive reallocation of capital," they point out that "[i]f some companies and industries fail to adjust to this new world, they will fail to exist." April 17, 2019.

Read more (1) ➔ Read more (2) ➔ Read more (3) ➔ Report ➔ Executive Summary ➔ Open letter ➔

Peer approach

New sector and issue policies that financial institutions have recently adopted. The table below gives an overview of the number of sector and issue policies produced by financial institutions.

Insurers

→ More insurers to discontinue covering new thermal coal mines and coal-fired power plants

Following in the footsteps of 11 other major re-insurers that have limited underwriting for coal, Australia's QBE Insurance Group Ltd. announced that it will end direct insurance services for all thermal coal customers by 2030. However, it will continue to insure and invest in metallurgical coal and oil and gas companies. This divestment will begin on July 1, 2019, with the goal of no new direct insurance for thermal coal mine construction, coal-fired power stations, or thermal coal transportation infrastructure. QBE will also lower coal exposure to 0.5 percent of total funds under management. March 31, 2019.

Read more →

→ Sector and issue policies adopted by insurers

(A) indicates the number of insurers among the 9 Systematically Important Insurers which have adopted a policy, guideline, or commitment addressing the corresponding sector or issue for their investments. (B) indicates the number of insurers which have adopted a policy, guideline, or commitment addressing the corresponding sector or issue in underwriting. Only the sectors or issues covered by policies are included in the table.

Sector policies	A	B
Agriculture	2	1
Palm oil	2	1
Tobacco	3	2

Issue policies	A	B
Climate change		4
Agricultural commodities	2	1
Human rights	5	5

This table includes the 9 global systemically important insurers (G-SIIs) according to the Financial Stability Board: Aegon N.V., Allianz SE, American International Group, Inc., Aviva plc, Axa S.A., MetLife, Inc., Ping An Insurance (Group) Company of China, Ltd., Prudential Financial, Inc., Prudential plc. Source: **fsb.org**

→ Sector and issue policies adopted by banks

(C) indicates the number of banks among the 30 Systematically Important Financial Institutions which have adopted a policy, guideline, or commitment addressing the corresponding sector or issue and disclose its content. (D) indicates the number of banks which disclose that they have adopted a policy, guideline, or commitment, but do not disclose the corresponding content.

Sector policies	C	D
Agriculture (general)	8	5
Biofuels	3	2
Palm oil	16	2

Issue policies	C	D
Biodiversity	1	3
UNESCO World Heritage Sites	17	1
Human rights	20	2

This table includes the 30 Systematically Important Financial Institutions (SIFIs) according to the Financial Stability Board: Agricultural Bank of China, Bank of America, Bank of China, Bank of New York Mellon, Barclays, BNP Paribas, China Construction Bank, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, Groupe Crédit Agricole, HSBC, Industrial and Commercial Bank of China Limited, ING Bank, JP Morgan Chase, Mitsubishi UFJ FG, Mizuho FG, Morgan Stanley, Nordea, Royal Bank of Canada, Royal Bank of Scotland, Santander, Société Générale, Standard Chartered, State Street, Sumitomo Mitsui FG, UBS, Unicredit Group, Wells Fargo. Source: **fsb.org**

New tools and databases

This section presents new tools and databases that can help to identify or manage environmental and social risks.

→ Briefing paper explores financial institutions' risks and opportunities when investing in seafood production; new benchmarking tool available

In a briefing paper entitled *Finance for seafood in South East Asia: The business case for sustainability,* Global Canopy explores the physical and transitional risks to which companies and financial institutions are exposed when financing, producing or sourcing seafood. The seafood sector is known for exploitive harvesting and its negative impact on the environment and human rights; the paper describes the issues and presents several examples. It highlights the fact that financial institutions are exposed to reputational risks when linked to unsustainable seafood production. Several recommendations are made to manage the risks inherent to aquaculture and fisheries. The group's online Soft Commodity Risk Platform (SCRIPT) benchmarking tool for seafood provides guidance for financial institutions wishing to evaluate their seafood-related policies against those of 25 peers. February 13, 2019.

Read more (1) → Read more (2) → SCRIPT →

→ BoE guidance targets insurers' climate risk management

The Bank of England (BoE) has recently published the guidance document *A framework for assessing financial impacts of physical climate change: A practitioner's aide for the general insurance sector.* With the insurance industry worried about growing risks from climate change-related events, a cross-industry working group collaborated with the BoE to develop a six-step framework that aims to help insurers assess financial impact on future liability. It also provides several case studies to illustrate the application of tools at different stages of the framework. Recommendations are made for the catastrophe analytics industry, including the assertion that this group has an important role to play in research and future tool development. May 23, 2019.

Read more → Guidance →

About this report

This briefing is tailored to the needs of individuals and teams in charge of assessing and controlling environmental and social risks in corporate banking, investment banking, and commercial insurance. It aims to provide an update on risks, standards, tools, and best practices that are relevant primarily from a reputational risk perspective.

The content is organized into four levels: each item of information is headed by a title which allows the reader to digest the report in less than five minutes. Subsequently, a brief abstract summarizes the key facts. Additionally, if appropriate, a short comment illustrates why this information might matter and, finally, a link to the original source allows the reader to drill down further into the subject.

Our research process consists of four steps: firstly, ECOFACT collects information from international newspapers and specialized periodicals. Secondly, the websites of the most relevant NGOs, international organizations, private and academic research centers, environmental and sustainability think-tanks, and government agencies are visited regularly. Thirdly, specialized newsletters to which we subscribe are screened, and finally, organizations in charge of international environmental and social standards are contacted.

Selection criteria for the content of the briefing: a) information on environmental and social risks that b) was published (in most cases) over the past quarter, and c) is relevant from the reputational risk perspective of a financial institution. The scope covers the ten principles of the UN Global Compact.

About ECOFACT

ECOFACT has addressed the risks and opportunities that environmental, social and governance issues present to the financial sector since 1998. We work primarily for banks, insurers, institutional investors, and international standard-setters.

We help our clients to improve their understanding of credit, reputational, compliance and liability risks in the context of sustainability, ESG and responsible business conduct.

Due Diligence

We assist our clients in designing processes and conducting due diligence:

We provide solutions for issue monitoring, policy development, portfolio screening, individual risk assessment, and engagement services.

Research Products

In addition to the *ECOFACT Quarterly,* ECOFACT also produces the *Policy Outlook.* The *Policy Outlook* covers regulatory change pertaining to ESG and corporate responsibility issues. It a monitoring and implementation package that consists of an online tool and provides access to a network of peers.

Read more →

Knowledge Sharing

ECOFACT hosts three events that facilitate knowledge sharing among peers and experts:

- The *Policy Outlook Conference* gives you the chance to join peers and experts from the fields of public policy, legal & compliance, corporate responsibility and sustainability in exploring how financial firms are addressing corporate responsibility regulations.
- The *Environmental and Social Risk (ESR) Roundtable* provides an opportunity for peers to discuss the challenges that arise as environmental and social issues are further integrated into financial institutions' business with corporate clients.
- The *Reputational Risk Management (RRM) Roundtable* is a platform for dialog and knowledge sharing on common and best practices in reputational risk management in the financial sector.

ECOFACT is a signatory to the *United Nations Global Compact* and the *Principles for Responsible Investment,* and a member of *Swiss Sustainable Finance.*

Swiss Sustainable Finance

THE GLOBAL COMPACT
WE SUPPORT

PRI Principles for Responsible Investment

Editorial
International standards
High-risk sectors
Emerging risks
Business case
Peer approach
New tools & databases
About
Subscribe

Subscribe

For a subscription
Fax this page to **+41 44 350 6020,** or e-mail your contact details to **contact@ecofact.com.**

☐ **Please sign me up for a one-year subscription to the ECOFACT Quarterly**
at the rate of CHF 2,000* (4 issues at CHF 500 each). I would like the subscription to start with

☐ the current issue. ☐ the next issue.

Issues may be shared with the environmental and social risk experts working within your organization (a maximum of approximately 20 persons). To share the report with a larger group of recipients, please contact us for a group subscription: **contact@ecofact.com** or call **+41 44 350 6060.**

Name: ....

Department: ....

Company: ....

Address: ....

Postcode, city: ....

E-mail address: ....

You will receive the invoice as a pdf file by e-mail. Please let us know if you need a signed hardcopy.

We also accept credit cards.

** As a contribution to sustainable banking practices in emerging markets, ECOFACT offers reduced rates to organizations headquartered in countries classified by the World Bank as upper-middle-income economies (CHF 800), or as lower-middle-income or low-income economies (CHF 200).*

ECOFACT Quarterly
Production: Jenifer Guillemin, Bronwin Patrickson, and Anna Reimann.
Additional editors and contributors: Deborah Attolini, Simone Hutter, Olivier Jaeggi, and Gabriel Webber Ziero.
Design: **Naomi Atkinson Design**

Produced and distributed by ECOFACT AG, Stampfenbachstrasse 42, 8006 Zurich, Switzerland.
Tel: **+41 44 350 6060** | Fax: **+41 44 350 6020** | **contact@ecofact.com** | **www.ecofact.com**