



# Environmental, Social & Governance

*DEBATE*

**“Is The Promise of ESG False? Or Will it be our Saviour?”**

Wednesday, 27 January 2021, 18:00 – 19:00 GMT

Hosted on Zoom by The Worshipful Company of Information Technologists



[www.wcit.org.uk](http://www.wcit.org.uk)



# Mark Holford, WCIT Master

## Welcome





## This Evening's Schedule

- 18:00 Welcome
- 18:05 Chairman's Introduction  
Debate Poll 1  
**"ESG is essential to achieving sustainability"**
- 18:10 Team Presentations  
Debate Poll 2
- 18:23 Debate with questions  
& mood polls
- 18:50 Concluding remarks
- 18:54 Debate Poll 3 - FINAL
- 18:55 Concluding remarks,  
thanks & formal close
- 19:00 Open discussion
- 19:30 Close



## Chairman – “ESG is essential to achieving sustainability” debate



**Alderman & Sheriff Professor Michael Mainelli FCCA FCSI(Hon) FBCS, Executive Chairman, Z/Yen Group  
Honorary Liveryman, Worshipful Company of Information Technologists**

*“When would we know our financial system is working?”*

A qualified accountant, securities professional, computer specialist, and management consultant, educated at Harvard University and Trinity College Dublin. Michael gained his PhD at the London School of Economics where he was also a Visiting Professor of Innovation & IT. His career spans scientific research, accountancy-firm partner, and director of Ministry of Defence research. His biggest technical claim to fame might be the first commercial digital maps of the world in the early 1980s, leading to the first complete environmental databases. Michael founded and chairs Z/Yen, the City of London’s leading commercial think-tank, famous for its Global Financial and Green Finance Centres indices, is non-executive director of a listed firm and a regulator, Fellow of Goodenough College, and Past Master of the Worshipful Company of World Traders. Michael is Emeritus Professor & Life Fellow at Gresham College where he created the Long Finance initiative. His third book on ESG, ***The Price Of Fish: A New Approach To Wicked Economics And Better Decisions***, won the Independent Publisher Book Awards Finance, Investment & Economics Gold Prize, and Michael was British Computer Society Director of the Year 2005. Michael played a hand in early carbon markets, directed the London Accord, and has been successfully promoting policy performance bonds.

# The 'City' Story So Far

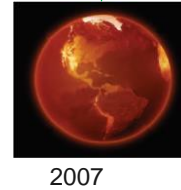
City of London Corporation passes local Clean Air directive in 1953 leading to Clean Air Act of 1956.



["The London Principles: The Role Of The UK Financial Services In Sustainable Development"](#), Johannesburg Earth Summit. 2002

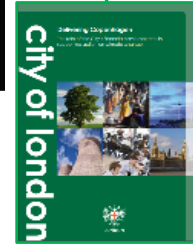


London Accord – Sharing Investment Research For The Sake Of The Planet



2007

Policy Performance Bonds



2009



2017



2019



1991



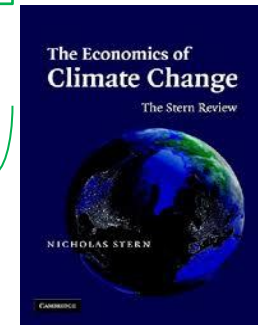
World Business Council for Sustainable Development  
1992



2007



2008



2006



2018

Following COP3 Kyoto (1997), City of London Corporation publishes – ["Trading Emission Permits – A Business Opportunity For The City?"](#) (January 1999). COLC sets up shadow trading scheme, works with DTI, EU Emissions Trading System (ETS) adopts UK framework, launches April 2005.

# Leading Financial Centres

Centre	Green Finance Depth	Green Finance Quality	Financial Centre Competitiveness
New York	40	24	1
London	4	3	2
Shanghai	13	19	3
Tokyo	19	17	4
Hong Kong	41	40	5
Singapore	30	21	6
Beijing	14	22	7
San Francisco	7	10	8
Shenzhen	22	30	9
Zurich	2	1	10
Source	GGFI 6 Depth Rank	GGFI 6 Quality Rank	GFCI 28 Rank





## Debate Poll - 1

“ESG is essential to achieving sustainability”

- Yes: 86%
- No: 14%

# Our Panellists, In Order Of Appearance – “ESG is essential to achieving sustainability”

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Team A ‘For’



**Richard Peers**

Founder of ResponsibleRisk Ltd  
Contributing Editor Finextra on  
Sustainable Finance

Team B ‘Against’



**Jenny Knott**

Non-Executive Director and  
board advisor to several  
companies  
Former CEO of Standard  
Chartered Bank

Team A ‘For’



**Laurent Rousseau**

Deputy CEO, SCOR Global P&C  
and Member of the SCOR’s  
Executive Committee

Team B ‘Against’



**Mike Wardle**

Director of Indices  
Z/Yen Group





## Team A – For The Motion

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### **Richard Peers**

Founder of ResponsibleRisk Ltd  
Contributing Editor Finextra on Sustainable Finance

***“ESG will save us. If it doesn’t, there is no Planet B.”***

As the Strategy, Marketing and Business Development leader in the Financial Services and Software Industry at Microsoft, Richard defined its global strategy for Core, Open Banking, Challenger and Fintechs to enable Digital Transformation, and led its engagement with Clear Bank, which became the first new clearing bank in the UK in 250 years. Richard was also involved with Redwood Bank, Alba Bank and many Fintechs as one of the leaders in the London Fintech scene via Level39, Fintech50, Innovate Finance and more.

An early proponent of sustainable finance, Richard created a Sustainable Finance practice, built an incubation team and worked to help win two pioneer deals in LSEG and Citi Bank. He is the creator and facilitator of SustainableFinance.Live, a series of workshops tackling the biggest blockers in this area, advising software firms in Sustainable Finance and payments.



**“Stop doing the damaging stuff, roll out the new green tech & in 80 years time we will be past the worst of it.”**

Sir David Attenborough, *Our Planet | A reason for hope*



## Key takeaways

### Myth Buster



## Busting the myths around sustainable investing: Part 1

Finextra Sustainable Finance Myths Busted

### Sustainable Finance scales

“Triodos was formed 40 years ago with four people. It now has 721,000 customers in 6 countries and its lending book contains [€7bn of loans](#)”

*Bevis Watts, CEO, Triodos Bank UK*

### It’s value and values

The ESG boom continued in December. Investors bought a record £1.1bn of ESG funds in a single month, roughly equivalent to the entire inflow from 2015-2018 combined. ESG funds accounted for more than half of all the flows into equity funds in 2020. Nine-tenths of this capital was actively managed.

*Calastone, [Vaccine optimism sees equity fund inflows surge to 5-year high in Q4 – Calastone](#)*

### There is plenty of data

Alternative data would, according to McPherson, “create real-time inputs and triage real-time information to provide the past, present and forward-looking perspective”.

*Martina McPherson, Senior Vice President of ESG engagement at Moody’s*

**“The cause is survival. The price; we can afford it, we have to.”**

Christine Lagarde, President, ECB

**“Opportunity of a lifetime, for a lifetime.”**

Mark Carney, ex Governor, Bank of England

**“There is no difference between our business strategy and our sustainability strategy; they are totally integrated.”**

Alan Jope, CEO, Unilever



## Team B – Against The Motion

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### Jenny Knott

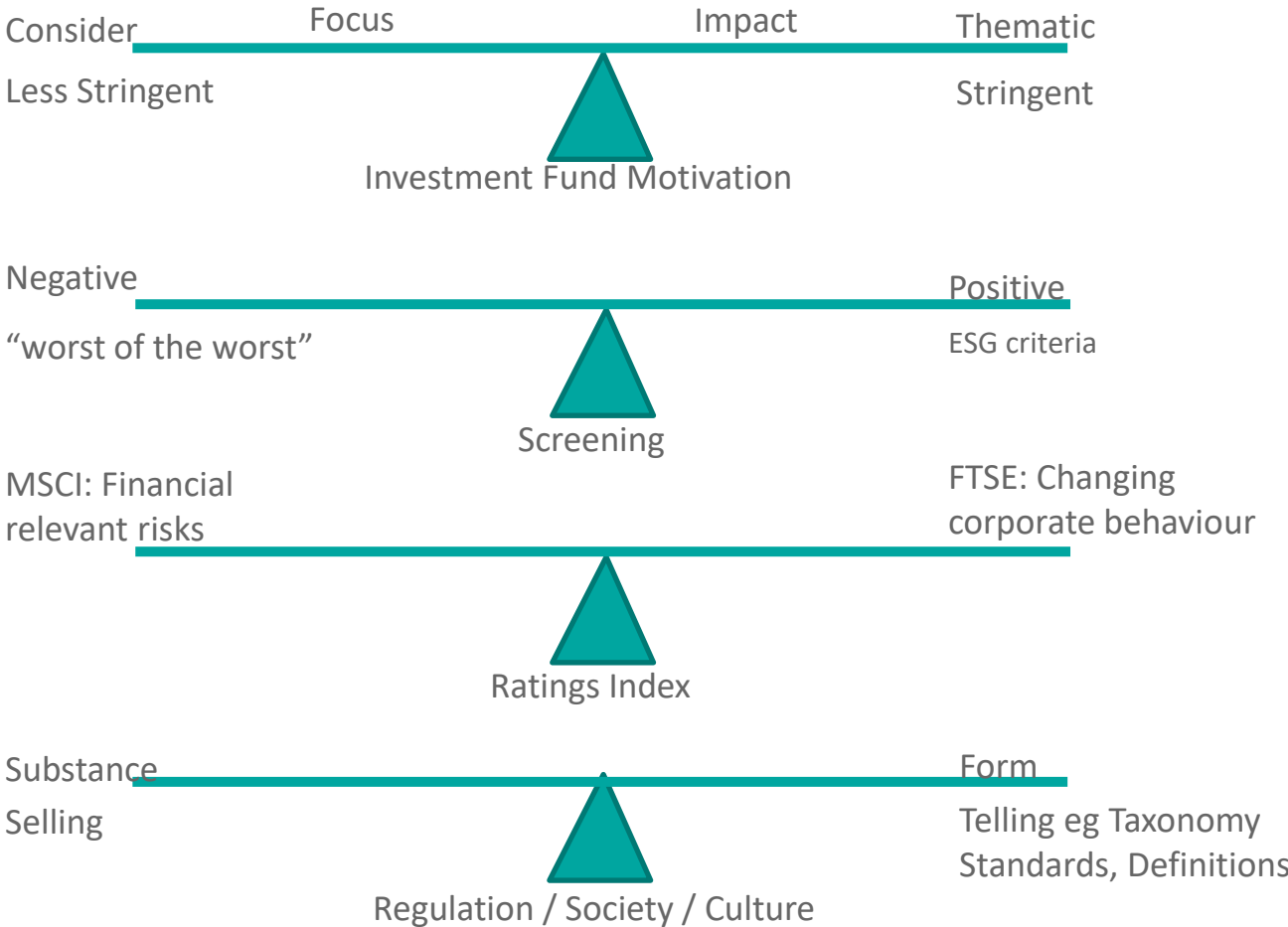
Non-Executive Director and board advisor to several companies  
Former CEO of Standard Chartered Bank

***“No-one is saying the ESG movement isn’t a force for good.”***

As former CEO of an investment bank, with over 30 years’ experience, as well as a leading innovator in financial technologies, Jenny is widely respected for her regulatory, technical financial and commercial knowledge. Jenny is a keynote speaker, author and public advocate for the radical technological modernisation of the Financial Services Industry. She is the founder of FinTech Strategic Advisors. Jenny believes inclusivity and real diversity are a ‘must’ for successful innovation in any business



No-one is saying the ESG movement isn't a force for good. But ... HOW and WHEN will it be TRULY effective, trusted and transparent to society. Like most things in capital markets, we don't do the right thing properly until we are TOLD TO ... and that takes a long time ...



**"It's a maze out there."**

Anders Bertramsen, Nordea, FT, 17 January 2021

**"Society receives no benefit from... do-well-by-doing-good story – it only helps fund managers sell products and companies polish their reputation."**

Robert Armstrong, FT US Finance Editor, FT, 23 October 2020

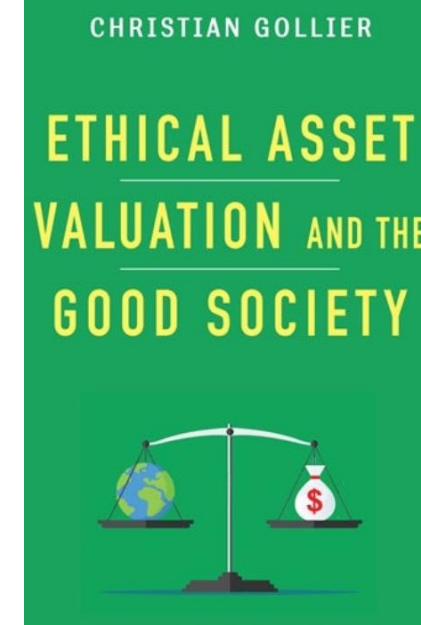


## Team A – For The Motion

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### Laurent Rousseau

Deputy CEO, SCOR Global P&C and Member of the SCOR's Executive Committee



***“Set the ESG Standards (metrics, tools) to make long-term welfare incentives desirable to all stakeholders.”***

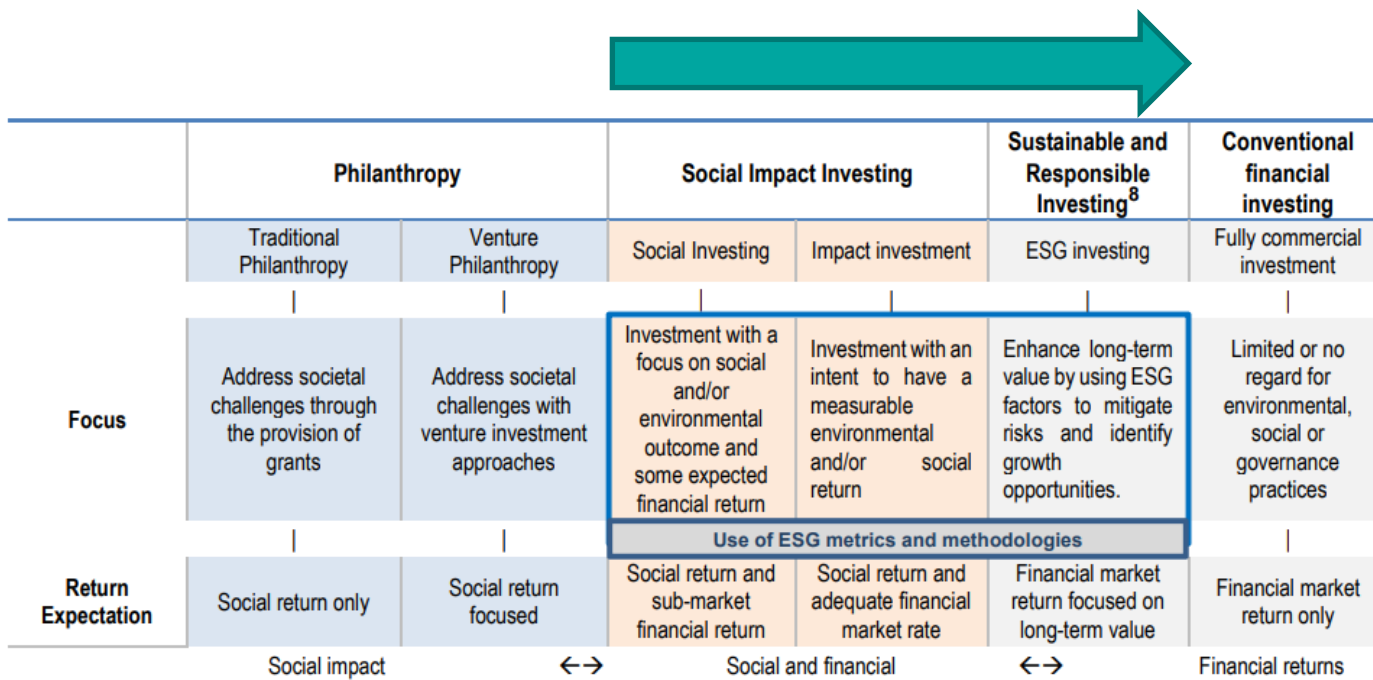
Laurent started his career in 2001 as an equity analyst at Credit Suisse First Boston in London, covering European insurers and reinsurers. In 2005, he joined J.P. Morgan in the insurance Investment Banking team, executing M&A, capital raising and restructuring transactions for European insurers and reinsurers. He joined SCOR in 2010 as Advisor to the CEO, and became Head of SCOR Global P&C's Strategy and Business Development in 2012. In July 2015, Laurent became Chief Underwriting Officer of SCOR Global P&C's treaty business in Europe, Middle East & Africa.

Laurent is a graduate of HEC (Ecole des Hautes Etudes Commerciales). Since 2018, Laurent is a Group Executive Committee member, in charge of SCOR Specialty Insurance business, which includes: SCOR's large commercial lines insurance and facultative business (SCOR Business Solutions), SCOR's Lloyd's syndicate (Channel), Brazil insurance business (Essor) and US Programme business.



## The spectrum of social and financial investing

What catalysts are needed to make Conventional financial investing driven by Long-Term Societal Value drivers?



Source: stylised adaptation from OECD (2019), "Social Impact Investment, the Impact Imperative for Sustainable Development," based on earlier versions from various organisations; for illustrative purposes only

## Setting (ESG) Standards: absolutely required and not sufficient

- **Decreasing the Cost of capital for private initiatives to take off**
  - Finance theory is concerned with Short Term: We do not do enough for the Future
  - How to extend investors' time horizon, and create immediate desirability of long-term welfare?
  - The availability of growing CSR funds will lower the cost of capital to fund long-term projects, and make funding more affordable
  
- **Providing Markets a structured framework**
  - Structure data to build a "taxonomy" of risks, so that:
    - Performance and effective Energy Transition can be actually measured: what gets measured gets managed
    - Incentives can be created for all economic agents to contribute
  
- **Stakeholders should focus on their role and not oppose the various required means**
  - It is up to supra-national entities to set the standards and framework
  - It is up to the civil society and private sector to play their role, take initiatives and accelerate the Climate Transition
  - CSR framework, as for any Regulation, is required but not sufficient



## Team B – Against The Motion

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**Mike Wardle**

Director of Indices, Z/Yen Group



Team B ‘Against’

***“ESG is only a minor step towards making an impact.”***

Mike is Director Of Indices for Z/Yen, managing its work on the development and delivery of the Global Financial Centres Index, the Global Green Finance Index, and the Smart Centres Index. Mike worked as a civil servant for almost 20 years mostly within the field of education policy. He was a director and then Chief Executive of the General Social Care Council, establishing the regulation of social workers. Mike's career moved into consultancy, programme management and coaching and he worked with Z/Yen for six years delivering programme management services to the Church of England, Unison, and the Royal Marsden NHS Foundation Trust and Chelsea and Westminster NHS Foundation Trust before taking up his current role.

## Steps Towards Making An ESG Impact

- Over-reliance in ESG analysis on information provided by companies themselves
- Funds that announce compliance with PRI or other standards attract increased investment without making a real difference to their ESG performance
- The use of simplified scoring systems for ESG does not support good investment decisions
- Lack of transparency and standards in ESG analysis means that investors do not know what ESG scores mean
- Policy driven field, not enough drive to deliver by 2030. Alignment of policy definitions and standards and consistency in policy over longer term



**“Upbeat ESG reporting may make investors and consumers feel good by encouraging corporate window dressing, but it distracts from incentivising and enabling companies to deliver greater social impact on the issues most central to their businesses.”**

Michael Porter, George Serafeim, and Mark Kramer of Harvard Business School, Institutional Investor, October 2019

**“Overall, only a small number of funds improve ESG while many others use the PRI status to attract capital without making notable changes to ESG.”**

Soohun Kim and Aaron Yoon, Analyzing Active Managers' Commitment to ESG: Evidence from United Nations Principles for Responsible Investment, May 2020





## Debate Poll - 2

“ESG is essential to achieving sustainability”

- Yes: 68%
- No: 32%



# The Debate



# Mood Poll - 1

Will the ESG movement deliver its promise by:

- 2030: 11%
- 2050: 66%
- Not at all: 23%



## Mood Poll - 2

Does self-scoring and box-ticking point to Greenwashing?

- **Yes: 85%**
- **No: 15%**



# Mood Poll - 3

## Which do you most believe?

- Behaviour changes by corporates and individuals from ESG will result in positive and real-life impact 46%
- Material sustainability also needs deep economic cost changes, such as emission permits and taxes 53%
- Sustainability is doomed 1%

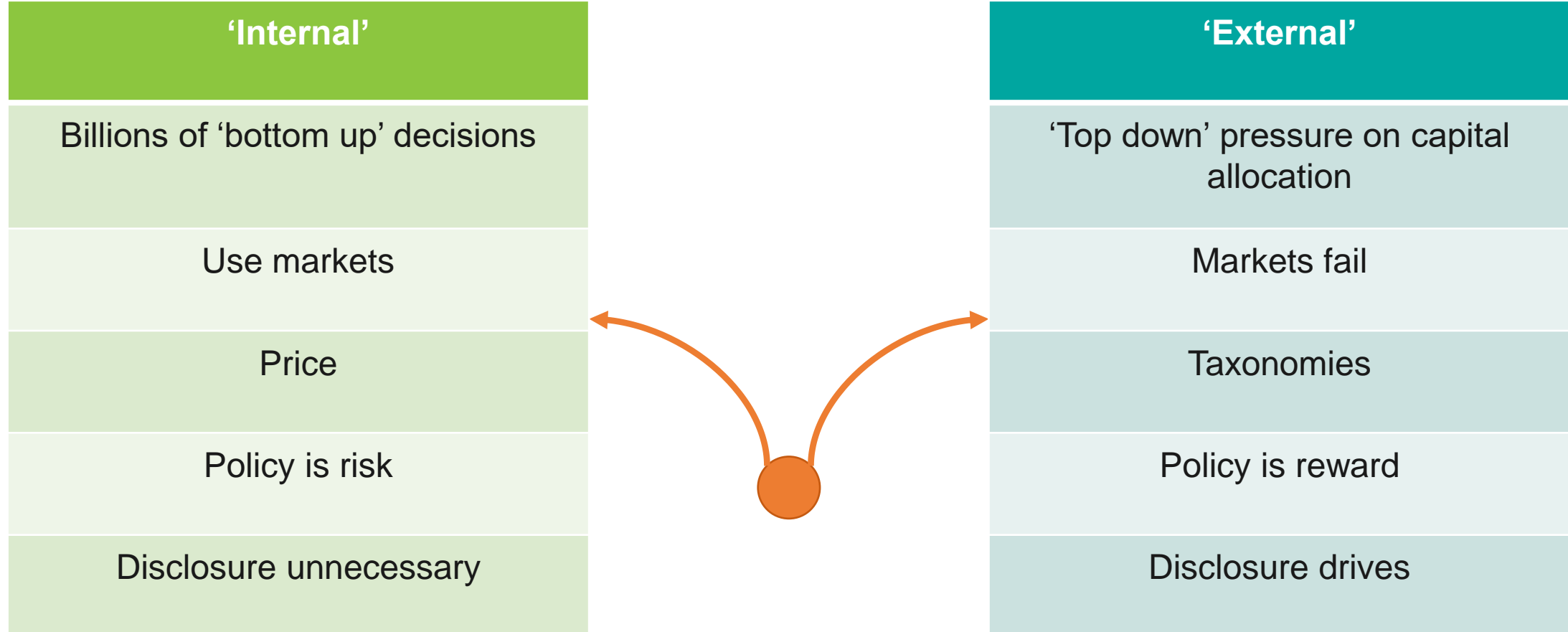
# Debate Poll – 3 - FINAL

“ESG is essential to achieving sustainability”

- Yes: 60%
- No: 40%

# Chairman's Concluding Remarks

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**Thanks**

**Simon Burrows**

**Chair, Financial Services Technology Panel, WCIT**

