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**ESG Forum**

Draft Terms of Reference

## DRAFT TERMS OF REFERENCE

ESG is currently a hot topic which has challenges for Investors, the Capital Markets ecosystem, and Issuers. The momentum continues to grow worldwide as the effective communication of the concept, plus its benefits, is sparking a behavioural shift in investor strategies.

ESG continues to be a catalyst for change on many fronts as issuers need to ensure they are meeting the expectations of ethical investors across multiple disciplines, due to the significant investment that ESG attracts. Wealth managers and issuers are both aware of the competitiveness of protecting their business.

There are hundreds of reporting provisions globally, which are open to interpretation of what constitutes as sustainable V's what is not. Also, concerns are growing among Regulators and authorities around Greenwashing with firms making misleading claims about ESG credentials.

Transparency should be improved as ESG calculations used by rating agencies are complex to understand, have a large range of variances and as such are difficult for investors to have a true understanding of. Increased transparency will encourage investors to exercise their shareholder rights.

The lack of standardisation and interoperability marks a significant challenge for financial institutions globally, which is having a knock-on effect on the businesses looking for investment.

The working group primary objective is to highlight the main risks and challenges faced by the financial intermediaries from issuer to end investor. This will be achieved by collaborating with different industry players including issuers, regulators and intermediaries including banks and brokers servicing investors assets.

As a result of meetings, question and answer sessions, consultations and open discussions, the group will analyse issues and market challenges and share findings, issue a white paper, make recommendations for change and industry best practice whilst endeavouring to pull the financial community together for an aligned approach to ESG



## OBJECTIVE

- Raise awareness of the challenges faced by intermediaries and investors in understanding the data points to calculate ESG ratings
- Become a trusted advisor to regulators on subjects such as ESG and corporate governance
- Improve transparency on rating methodology to assist investors
- Recommend changes that will promote a stable allocation of capital for companies globally
- Work towards and agree on a harmonized approach to ESG reporting across the industry
- Issue green/white papers with ESG findings and recommendations to promote best practice

## HOW WILL THIS BE ACHIEVED

- Bring together different industry participants to share knowledge and experience
- Set industry wide recommendations for ESG reporting
- Attend and participate in monthly governance meetings and ad hoc working groups to discuss challenges, provide feedback and agree next steps to delivery
- Contribute to building documentation such as questionnaires to capture feedback and responses from industry wide participants.

If you would like to find out more or are interested in joining the ESG Forum please contact: [jayne.hooper@isitc-europe.com](mailto:jayne.hooper@isitc-europe.com) or [complete the form on our website](#)

