

The ESG Report

ESG's impact on the fund industry

ESG problems emerge



Might 2022 turn out to be a turning point for ESG? To date the trend has always been upwards. Bloomberg Intelligence forecasts that ESG assets are on track to exceed \$53 trillion by 2025, representing more than a third of the projected \$140.5 trillion in global assets under management.

To a large extent it depends upon what is counted. The EU looks like it will soon consider even nuclear energy and natural gas (see article below) to be sustainable. But it also has a lot to do with momentum: the ESG movement became a bandwagon some time ago; it has been charging along at ever great speed. Sooner or later it was bound to hit a bump in the road. That appears to be what 2022 is turning out to be.

Several challenges have arrived on the scene at much the same time. This is bad luck. They are: the changing macro-economic environment, the war in Ukraine, the neutering of the Environmental Protection Agency by the Supreme Court in the US, the impact of the stock market correction on ESG funds (especially ETFs) and even the difficulties in getting to grips with the details for the next stages of the SFDR, which are complex in the extreme

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The EU's shock ESG U turn



The EU parliament has voted to label gas and nuclear energy as green. And the Commission wants some gas and nuclear projects to be included in the EU's taxonomy of environmentally sustainable activities, to the surprise of many.

The vote in the EU parliament and the Commission's ruling on gas and nuclear are highly controversial.

Bas Eickhout, the vice-president of the European parliament's environment committee, said it was 'dark day for the climate and energy transition.' He added that the EU is 'sending a disastrous signal to investors and the rest of the world that it recognised fossil gas and nuclear as sustainable investments by clearing the way for this delegated act, the EU will have unreliable and greenwashed conditions for green investments in the energy sector'.

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