



SUSTAINABILITY



# Sustainable Finance

Transcendent Group

## Sustainable Finance is causing organizations an increasing array of challenges

The integration of Environmental, Social and Governance factors (ESG) has become a mainstay within asset management. These considerations are increasingly being integrated into other areas of finance as well. These trends, expedited by the EU Sustainable Finance Action Plan are forcing finance industry players to answer two fundamental questions:

- A) Do we have the processes in place to adequately assess the risks & opportunities associated with ESG topics?
- B) Do we want to take an active role in creating positive impact on ESG topics, and if so, how?

### Organizations will be expected to have a clear strategy and suitable governance structures in place with regards to sustainability.

The three main objectives of the EU Sustainable Finance action plan (EUSFAP), and how financial institutions respond to these requirements, will be key in defining an institution's role, not only on climate change, but on sustainability in general. The three objectives are to:

- **Reorient capital flows towards sustainable investments** – To what extent does a financial institution want to align itself with this goal, and how should it do so?
- **Manage financial risks stemming from climate change** – While the EUSFAP focuses on climate change, the way in which financial institutions integrate sustainability into mainstream risk management will come under increasing scrutiny.
- **Fostering greater transparency** – Reporting requirements are likely to increase, and with it, the need for meaningful target-setting and progress measurement.

While this shift will bring with it significant challenges, undergoing a strategically managed business transformation can also lead to considerable opportunities.

As a background to these new opportunities, risks and challenges, we have categorized **the key areas demanding extra attention** into three categories; 1) the new needs of management, 2) the workforce and 3) the operations of your organization.



## Challenges and risks

Based on these key areas we can highlight a few example risks which we advise to focus on. Addressing these risks will move your organization to a more mature state whilst minimizing your risk exposure.

Highlighted example risks:



## We transform your risks and challenges into new opportunities

With tailored solutions for your specific needs Transcendent Group can lead you through the risks within sustainable finance.

Examples of how we can help:



- Review and update your strategic goals with regards to sustainability
- New ESG integration strategies
- Adjust and renew target setting



- Training on key sustainability-linked reporting frameworks, climate change risk methodologies and the impact and applicability of regulation



- Support you in identifying relevant (current and forthcoming) regulation, execute gap analyses and present implications for operations and strategy



- Efficiency assessments to identify improvement opportunities.
- Gap analysis in relation to sustainability best practices and frameworks.
- Support in developing sustainable-linked products & services



- ESG tool design for data ingestion and report generation
- Design ESG evaluation tools
- Support in ESG data procurement



- Support in performing ESG risk analyses, integrating ESG into internal control frameworks
- Second or third line advisory and/or control of ESG initiatives



- Support in integrating sustainability risks into mainstream risk management processes & support in preparing for reporting requirements



- Project management
- Strategy implementation



- Identify and select relevant KPIs for sustainability related reporting
- Advise on suitable frameworks, tools and applicable regulation

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