

# ESG advisory for financial services

Supporting your ESG journey



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The financial sector faces an unprecedented evolution in ESG (Environmental, Social, Governance) and sustainability obligations. Rapidly changing regulations demand a holistic approach beyond climate related risks, encompassing diversity, equity & inclusion (DE&I), and other critical aspects. We understand the challenges and opportunities this presents and work with firms to help them navigate their ESG journey.

## Navigating the ESG landscape

Regulators worldwide, including the UK, are introducing a multitude of ESG requirements for sectors including banking, insurance, asset and wealth management, and private equity. While many firms have taken steps on climate change, addressing broader ESG elements is becoming imperative. The immediate challenges include:

- ▶ **Understanding and quantifying ESG risks:** Identifying, quantifying and understanding the potential impacts of ESG-related risks.
- ▶ **Regulatory navigation:** Distinguishing between mandatory and voluntary requirements.
- ▶ **Enhanced disclosure:** Determining appropriate levels of public disclosure related to ESG, including in annual reports.

- ▶ **Transparent investments:** Ensuring transparency and compliance for sustainable and ESG-focused funds aligns with relevant taxonomies and regulations.

## Strategic considerations for long-term value

ESG is not just about compliance; it's a strategic business consideration at the Board level. Beyond regulatory compliance, addressing DE&I, transparency, and other material ESG aspects is crucial for long-term value creation. Boards with clear strategic approaches, supported by robust frameworks, gain a competitive edge and mitigate ESG-related risks.



## What firms need to do

Firms must proactively develop and implement ESG frameworks aligned with regulatory expectations. Integrating ESG into capital planning is essential for effective risk management. The ESG framework should not only comply with public disclosures but also foster trust and consumer protection, as well as ensuring its products reflect the diverse needs of consumers, such as offering fair value and being delivered in a fair and accessible way.

# How we can help

Our Financial Services Advisory practice has a team dedicated to climate change and wider ESG with proven track record in assisting firms in their ESG journey. Our experience includes, but not limited to:

▶ **Strategy formation and documentation support**

Advising on the process of formulating ESG and climate strategies, the format and content of strategy and associated documentation, including DE&I or other specific components.

▶ **Strategy workshops**

Facilitating workshops for senior management and Boards and supporting firms with identifying sector and business specific ESG considerations.

▶ **Project planning**

Assisting in developing high-level project plans for the implementation of ESG strategies.

▶ **Training**

Providing tailored training for Boards and employees across the three lines of defence. We support firms with carrying out a training needs assessment, with developing training programmes and content to enhance the understanding of ESG risks and opportunities.

▶ **Governance**

Reviewing and enhancing governance arrangements related to ESG and climate change. We can also provide cultural assessments and related DE&I support.

▶ **Risk assessment**

Providing support with conducting of risk assessments such as scenario analysis and stress testing and their treatment in your capital adequacy assessments.

▶ **Independent assurance and monitoring**

Providing annual ISAE 3000 and 3410 limited assurance relating to carbon emissions, ESG and wider sustainability reporting. Adding a layer of oversight and transparency to disclosures and reporting.

▶ **Accounting and disclosures**

Assisting in implementing or enhancing the quality of accounting and reporting in line with global standards, requirements and recommended disclosures (TCFD, ISSB, IFRS).



# Our experience

## Wherever you are in the process of developing your ESG and climate change strategies, we can help.

Explore our case studies showcasing successful partnerships with firms in the financial sector. From responsible investment reviews to climate change strategies, we've helped clients at various stages of their ESG journey.

### ▶ Responsible investment review for an asset management firm

We conducted an assurance review over this asset manager's adherence to responsible investment practices; as well as its adherence to the FRC's UK Stewardship code.

### ▶ Responsible investment review for occupation pension scheme manager

We conducted an assurance review over this pension scheme's adherence to responsible investment practices as well as its adherence to the FRC's UK Stewardship Code.

### ▶ Climate strategy for a general insurance firm

We supported the UK entity of a European Insurance company in developing an ESG and climate change strategy that meets the requirements of the PRA's SS3/19.

### ▶ Strategy development for an international bank

We have been supporting an Arab Bank with developing their ESG and climate change arrangements through the provision of part-time seconded resource from our ESG Advisory team.

### ▶ Board workshops and training

Our ESG team provides technical training on ESG and specific ESG components such as climate change and DE&I risks to help identify impact on the firm's business models. We also facilitate workshops to explore the best ESG strategy applicable to a firm according to its values and culture, as well as its size and exposure to risk.

### ▶ Internal and co-sourced audit reviews

Our ESG Advisory team provide specific expertise to support our internal audit teams in conducting ESG-related internal audit reviews. These range from broader climate and ESG framework reviews, to

specific topics such as: climate risk management, DE&I frameworks, carbon reduction transition plans, and social impact and responsible investment reviews.

### ▶ Sustainability-related assurance for an international bank

We provided assurance over this bank's sustainability-related metrics via a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance other than Audits or Reviews of Historical Financial Information, as well as ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

### ▶ Evaluation of capital adequacy

We have worked with several banking clients in considering the evaluation of climate risks within their ICAAPs and the capital adequacy.



## Meet our team of experts

Almost without exception, every financial services firm we talk to wants to discuss ESG. Whether it's related to compliance or risk management or whether it's an ambition to grow new business areas - it's always on the agenda.

We are committed to ESG in our own business, but more importantly, we are committed to supporting our financial services clients on their ESG journeys.

### Want to know more?

Contact our team or learn more about [our ESG advisory services for financial services firms](#).



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