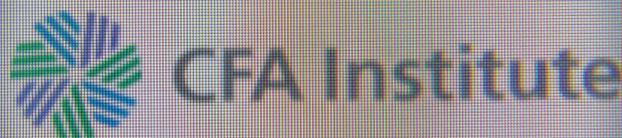


# ESG – Increasingly Important for the Investment Management Industry in APAC

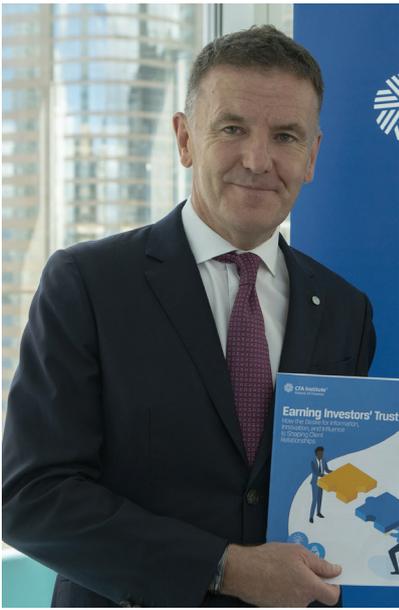
There is an increasing onus being placed on ESG considerations, and this attention has arguably seen the trend of ESG snowball into something of a phenomenon in the world of financial services and investing. Shedding light on this new hot topic, CFA's Nick Pollard, Managing Director of Asia Pacific for CFA Institute, spoke with Hubbis on the importance of ESG considerations for the industry. And in turn, Nick shared CFA Institute's plans for expanding its content on the subject, whilst extolling the importance of creating a unified definition of what, thus far, has been a phrase which fits whichever products or solutions practitioners choose to assign the ESG label to.



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**NICK POLLARD**  
CFA Institute

**“At the end of it, if you’re successful, you get yourself a certificate that you can demonstrate to your industry, to your employers, and most importantly, I guess, to your customers, that you’ve gone through this program run by the CFA; and in that context, a demonstrable addition to your skillset.”**

## **Are you seeing ESG as an important subject in the Asia region and the Investment management Industry?**

Absolutely. It’s a theme that’s been growing in importance for a number of years. It’s manifested itself from our perspective and it’s crept into our curriculum, so now there are questions within the CFA program directly addressing ESG issues. We have a number of initiatives in the CFA Institute that are looking at research certification and standards around the ESG concept. And it’s prevalent around the world. It’s not related to one region or another. I think it’s probably true to say that in EMEA, there’s been more progress in terms of thinking around ESG. But even here in APAC, 75% of the respondents to the last survey we did in terms of ESG requirements say it’s becoming a more important part of an investment management firm’s approach to the market.

## **How are you adding to your content and capabilities in this space?**

A great question, Michael. What we do is, from a curriculum perspective, we have a group of practitioners around the world, we call practice analysts, and their role is to tell us what they’re seeing in terms of their roles, and also what they expect to come down the line. And we work with them to develop the curriculum, and in this context, add ESG content to the curriculum. But on top of that, and one of our big initiatives this year, has been, we launched an ESG certificate. That’s 100 hours of learning around the subject of ESG. At the end of it, if you’re successful, you get yourself a certificate that you can demonstrate to your industry, to your employers, and most importantly, I guess, to your customers, that you’ve gone through this program run by the CFA; and in that context, a demonstrable addition to your skillset. And maybe the third thing, and still in the pipeline at the moment, but will prove to be a big issue as we move forward, is the work that we’ve been doing on an ESG standard. You’ll be aware that one of the challenges in the ESG world is it means different things to different people, different concentrations on either the E, the S or the G, and different countries and markets around the world are in different positions. There’s no one standard that says, “This is what good looks like”. So we’ve been working with the industry, with our members, and with other experts around the world to come up with an ESG standard. And we’ll be hoping to take that into the market towards the end of the year.

## **Why do you think it’s important to have a global standard in ESG?**

I think the reason it’s important is for several reasons. One is, if you are a customer of the investment management industry, you need to be able to make an informed choice. Are you able to compare one firm or one fund with another, who may both claim to be ESG compliant, if there’s no single standard? So giving customers that much clearer line of sight as to what their firms are trying to do, I think is very important. I think in terms of actually making a difference in the areas of E, S and G as well; it allows you to set a standard beyond which you need to beat rather than have different standards in different parts of the world. One of the challenges that the investment industry gets at the moment in the ESG context is what’s called green-washing. Pretending you are more eco-friendly, looking at social issues, or taking governance more seriously, because you’re able to say just about anything you like, because there isn’t a standard. If we’re able to give a benchmark that allows people to compare themselves with that benchmark and therefore with each other, then I think it becomes a much fairer marketplace and a much more informed place for customers to make their decisions. ■