European Audit Committee Leadership Network

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EACLN

VIEWPOINTS

Investor perspectives on ESG and ESG reporting

Many institutional investors now view sustainability as a critical driver of operating and financial performance and assert that a company's ability to integrate environmental, social, and governance (ESG) issues into its strategy is key to value creation. ESG matters are increasingly becoming a boardroom priority for public companies, including those represented in the European Audit Committee Leadership Network (EACLN).

Institutional investors are demanding action on sustainability and concrete evidence that companies' business models are becoming more sustainable. And investors are prepared to act if companies fail to keep pace: they are voting against director nominations and for shareholder proposals and, in some cases, divesting their holdings. Recent developments in Europe may mean that the sustainability actions that companies take today may impact future access to and cost of capital. For audit chairs, the pressure from institutional investors and the growing number of requests for ESG information raise serious concerns about reporting practices and processes.

On 2 September 2021, members of the EACLN met virtually to discuss investor perspectives on ESG reporting with two guests: Caroline Le Meaux, head of ESG research, engagement, and voting policy at Amundi; and Sabahat Salahuddin, director, investment stewardship for Europe, the Middle East, and Africa, at BlackRock.[1]

Biographies of meeting guests are provided in Appendix 1 (page 10), and a list of participants is provided in Appendix 2 (page 11).

Executive summary

EACLN Members and their guests discussed the following topics:

- **Institutional investor focus on ESG is not a passing fad** *(page 2)*

  Amundi has fully integrated ESG data and analytics into its global investment platform. BlackRock views sustainability risk—including climate risk—fundamentally as investment risk. Both guests noted that their clients—pension funds, endowments, and the like—are increasingly focusing on environmental and social issues. Ms. Le Meaux added that ESG has now become an *"investment constraint"* and that directors should expect that the pressure on companies will only grow in the future.

- **Institutional investors seek consistent, succinct reporting** *(page 4)*

  Ms. Le Meaux pointed to the principal adverse impacts and key performance indicators (KPIs) in the European Union's Sustainable Finance Disclosure Regulation (SFDR) as *"a* *baseline that is a minimum for disclosures"* and to the climate-related targets from the Science Based Targets initiative as preferred standards. Amundi expects issuers to provide concise statements of intent, materiality matrices, and quantitative KPIs. Both Amundi and BlackRock are interested in sector-specific information that enables them to compare companies. Ms. Salahuddin said that BlackRock expects milestones that enable monitoring of progress. Both guests noted that companies should consider not only how risks like climate change impact the companies themselves, but also how company activities may impact key stakeholders.

- **Investors expect stronger assurance on ESG** *(page 6)*

  Both guests recognized that standards, regulations, metrics, and strategies are evolving, and that today, assurance for sustainability disclosures is often limited to a few metrics. Over time, however, they expect stronger assurance, including from third parties, on sustainability disclosures. Ms. Le Meaux said that since KPIs can trigger investment decisions and can be used for portfolio construction, Amundi wants boards to *"make sure that the methodology used to gather information is explicit and robust and that there is an internal audit."* A member observed that it took decades of education and practice to reach robustness in financial reporting and that ESG reporting might require similar time to mature. Another noted that audit committees are usually chaired by a financial expert who might not have strong ESG-related skills or experience.

- **Investors expect businesses to invest in transition** *(page 7)*

  Ms. Salahuddin and Ms. Le Meaux encouraged companies to be transparent about the challenges they face, especially in carbon intensive sectors like oil and gas, and to explain how they are trying to address them. Ms. Salahuddin encouraged companies to work with peers to find solutions and technologies that could assist in their transitions. As technology continues to evolve and the world transitions to a net-zero economy, BlackRock expects companies to review their emissions reduction targets in the short-, medium-, and long-term. Ms. Le Meaux said that Amundi anticipates that profitability may not be optimal during the transition but expects this to change as the price of technology solutions falls and as carbon emissions become more accurately priced.

For a list of reflection questions, see Appendix 3 (page 12).

Institutional investor focus on ESG is not a passing fad

Driven by regulators, shareholders, and by their own research and conviction that sustainability is an investment risk, institutional investors have increased their focus on sustainability and are translating that focus into concrete and quantifiable expectations for their portfolio companies' strategies and operations. In a January 2021 Letter to Clients, BlackRock CEO Larry Fink pledged the company's commitment to supporting the goal of net-zero greenhouse gas (GHG) emissions by 2050 and announced a number of steps BlackRock is taking to "help investors prepare their portfolios for a net zero world, including capturing opportunities created by the net zero transition."[2] In February 2021, Yves Perrier, former CEO of Amundi and its current chairman, sent a letter to 500 CEOs and board chairs that outlined two priority areas that will guide Amundi in its voting policy. These were broadly defined as energy transition and social cohesion.[3]

In pre-meeting calls, some audit chairs wondered whether institutional investors' preoccupation with ESG is serious and long-term, or, as one member put it, *"window dressing"* and a passing fad. At the September EACLN meeting, Ms. Caroline Le Meaux of Amundi and Ms. Sabahat Salahuddin of BlackRock told audit chairs that investor interest in ESG is here to stay. In fact, Ms. Le Meaux said that companies can expect that *"The pressure is not going to ease, and … we [investors] will be more and more demanding in terms of disclosure quality, of the data disclosed, down to the seats you have on the board to manage risk."*

Both guests noted that their organizations have fully integrated ESG into their global investment platforms. Ms. Salahuddin added that in 2020, BlackRock committed to putting *"sustainability at the heart of everything we're doing, from how we manage portfolios to how we design products and how we exercise stewardship."* While Amundi and BlackRock conduct business in different regions, the guests stressed that this approach is applied across their portfolios globally. Even if regulators in Europe require more from companies on sustainability, companies based elsewhere can expect the same level of pressure from investors.

Regulatory pressure

Regulators around the globe are now demanding that climate risk and sustainability be incorporated into public company disclosures. Europe currently leads the world on such measures: in alignment with its policies that aim at a climate-neutral and biodiversity-positive European economy by 2050, the European Union (EU) has undertaken major policy and regulatory initiatives that will impact sustainability reporting.[4] The SFDR, for example, which came into force in March 2021, directly affects banks, institutional investors, and insurers.[5] The SFDR is intended to promote transparency and comparability around sustainability in the financial markets and to prevent greenwashing. Similarly, the EU green taxonomy, included in an April 2021 package of European Commission measures, "aims to identify which economic activities contribute to meeting the EU's environmental objectives."[6] The taxonomy contains technical screening criteria for two categories (climate change adaptation and climate change mitigation) out of an eventual six.[7]

Corporate commitments

In many ways, institutional investors have gone ahead of regulators in their ESG commitments and in demanding sustainability information from their portfolio companies. Both BlackRock and Amundi have committed to the goal of net-zero GHG emissions by 2050 and to achieving this across their portfolios of investments. BlackRock, in its 2021 stewardship expectations for portfolio companies, encouraged companies to "disclose a business plan aligned with the goal of limiting global warming to well below 2 degrees Celsius, consistent with achieving net zero global GHG emissions by 2050."[8] BlackRock has also debuted proprietary software "for measuring both physical and transition risks for whole portfolios," which is also "able to measure the impact of likely and potential policy changes and technology advancements on specific investments."[9] Both BlackRock and Amundi support the Net Zero Asset Managers Initiative, a group with 128 signatories and $43 trillion in assets under management.[10]

Shareholder priorities

Ms. Salahuddin noted that BlackRock's commitments and actions on ESG are *"driven by our fiduciary approach and our investment conviction, supported by our research, that integrating sustainability into BlackRock's investment processes, including through investment stewardship, will enhance and deliver better long-term risk-adjusted returns for our clients."* During the meeting, both Ms. Salahuddin and Ms. Le Meaux highlighted how minority shareholders' expectations – such as those as their clients' – are increasingly focusing on environmental and social risks and opportunities. Ms. Salahuddin referred to Mr. Fink's letter when she emphasized that many of BlackRock's clients are investing for long-term goals such as retirement. She cited a 2020 BlackRock survey of the company's clients across a total of $25 trillion in assets, in which 88% of the respondents ranked the environment at the top of their priorities.[11] Social risks were also high on BlackRock clients' areas of focus, and Ms. Salahuddin anticipated that they would become of even greater importance due to the COVID-19 pandemic and companies' heightened transparency on social issues. Governance, Ms. Salahuddin noted, *"continues to be at the heart of everything"* that BlackRock does.

Ms. Le Meaux said that Amundi is also in alignment with its clients' expectations on ESG. She added that although there is a clear trend among Amundi's European clients to prioritize environmental, social, and governance issues, clients in other regions, including Asia, are also becoming more *"demanding"* on ESG. In addition, some of Amundi's largest clients have become signatories of the Net-Zero Asset Owner Alliance and, according to Ms. Le Meaux, are amplifying the pressure on the investor to deliver on the net-zero goals.[12]

Ms. Le Meaux emphasized that two years ago ESG was being used for information purposes only, but now it has become an *"investment constraint"* that is increasingly important in investor decisions and actions. Ms. Salahuddin concurred, noting that, based on their research, BlackRock believes that a focus on sustainability garners better investment returns and that both *"ESG success and financial success are material data."*

Institutional investors seek consistent, succinct reporting

Institutional investors have signaled their intention to hold companies accountable for inadequate disclosures or lack of progress on ESG issues. BlackRock told its clients in early 2021, "Where we do not see progress in this area, and in particular where we see a lack of alignment combined with a lack of engagement, we will not only use our vote against management for our index portfolio-held shares, we will also flag these holdings for potential exit in our discretionary active portfolios because we believe they would present a risk to our clients' returns."[13] Similarly, Amundi's former CEO Yves Perrier said in an interview, "We do not want to exclude companies, but we want to incentivise and stigmatise them."[14]

Ms. Salahuddin made it clear that public disclosures are a *"strong indicator"* of how well a company is addressing ESG risks and opportunities. She added that if such disclosures are absent, the investor might conclude that the company *"is not properly identifying and managing these risks and opportunities."* She also reiterated BlackRock's stance on the importance of disclosures to inform BlackRock's investment and voting decisions on behalf of clients: *"We have a responsibility to our clients to make sure that the companies are* *adequately managing as well as disclosing sustainability-related risks and then hold them accountable when they're not."*

Ms. Le Meaux elaborated on how Amundi uses the disclosures it receives to make investment and voting decisions. If KPIs do not reflect the incorporation of ESG principles and are not in line with what the company should be doing, she said, the company may receive a lower score and a penalty. She noted that Amundi is fully incorporating ESG into its voting decisions and may vote against board members or committee chair appointments of a company that is lagging. She highlighted KPIs related to compensation, climate change, and human rights as important for such decisions, as well as the competency of board members. *"I'm afraid,"* she added, *"that if we think that there is a lack of an ESG strategy, easy strategy or if the company is facing major ESG controversies, and you will always have some big controversies—this is part of businesses—but the way you are facing it, the way you remediate it, will make a big difference."*

In pre-meeting calls, audit chairs wondered what investors want to see in companies' disclosures, which standards and frameworks they endorse, and what they define as material for the market. Members also sought a more detailed understanding of how disclosures and targets will be used to evaluate their companies. Competing definitions of materiality, the focus on double materiality, and the fact that what is material for one business may not be material for another all greatly complicate companies' sustainability reporting. In addition, as one audit chair noted, the way management judges materiality is different from how other stakeholders judge it. *"There are so many approaches right now,"* one member said, *"so many directions, so nobody really knows what is really helpful. What do investors want to know?"*

Ms. Salahuddin said that BlackRock understands the challenge posed by the existence of multiple frameworks and standards. She said that BlackRock is encouraged by global regulatory developments around sustainability disclosures and that BlackRock supports international efforts toward a single, globally consistent set of baseline standards on which different jurisdictions can build. Ms. Salahuddin and Ms. Le Meaux agreed that all three dimensions of ESG (environmental, social, and governance) are equally important for BlackRock and Amundi's investment decisions. Ms. Le Meaux said that Amundi considers the principal adverse impacts and KPIs of the European Union's SFDR as *"a baseline that is a minimum for disclosures"* and uses the climate-related targets from the Science Based Targets initiative as preferred standards.

Science Based Targets initiative

The Science Based Targets initiative (SBTi) was established in 2015 by the CDP, United Nations Global Compact, World Resources Institute, World Wide Fund for Nature, and We Mean Business Coalition.[15] It guides companies through setting ambitious targets to reduce their GHG emissions and increase their competitiveness in a net-zero economy by basing their approach on climate science. The initiative helps companies align their strategies to the 1.5°C target of the Paris Agreement. The initiative states that it "defines and promotes best practice in science-based target setting, offers resources and guidance

Science Based Targets initiative

to reduce barriers to adoption, and independently assesses and approves companies' targets."[16] SBTi believes that setting targets aligned with climate science can help companies "build business resilience and increase competitiveness … drive innovation and transform business practices … build credibility and reputation … [and] influence and prepare for shifts in public policy."[17] Companies commit by submitting a letter, after which they have 24 months to complete the required steps and develop their science-based targets. These are then reviewed, validated, and made public, after which the business must publish its targets and begin to track and report on them annually.[18]

Ms. Le Meaux explained that Amundi expects issuers to provide concise statements of intent, materiality matrices, and quantitative KPIs in their disclosures. She asked companies to come up with *"strong KPIs"* that offer *"a clear view of where you want to go, what is your target, where you stand, and how you're going to go there."* She said that a narrative is also important and pointed to AstraZeneca's sustainability reporting as a good example of what Amundi would like to see: a combination of quantitative data and a short narrative that aids the investor in understanding what the company is doing and planning to do on the ESG front.

Ms. Salahuddin agreed that *"a combination of data and narrative"* is desirable. She further explained that BlackRock is looking for *"practical, digestible, concise reports which are actually linked to the company's long-term strategy and value creation."* Ms. Salahuddin said that BlackRock asks companies to align their reporting with the TCFD framework and to also include sector-specific standards. She said that businesses should indicate areas for future development and work, as well as explain sustainability-related risks. The rationale behind the ESG metrics and methodologies used in sustainability disclosures should be clear, and reports should also include specific examples.

Both Ms. Le Meaux and Ms. Salahuddin agreed that their organizations would like to receive data that enables them to make comparisons between companies in a given sector and to make comparisons on progress over time, as this makes it possible for Amundi and BlackRock to evaluate companies and their targets across their portfolio of investments. The two guests also said that they expect companies to focus on their own sector and that they encouraged companies to get engaged in sectoral initiatives that allow them to exchange information with peers. Finally, both guests agreed that companies should consider not only how risks like climate change impact the companies themselves, but also how company activities may impact key stakeholders.

Investors expect stronger assurance on ESG

Ms. Salahuddin and Ms. Le Meaux recognized that standards, regulations, metrics, and strategies on ESG are evolving, and that currently assurance for sustainability disclosures is limited to a few metrics. Over time, however, they expect stronger assurance, including from third parties, on sustainability disclosures.

Ms. Salahuddin said that until regulatory requirements on filing targets and metrics for sustainability disclosures become clear, BlackRock would look at the rigorousness of controls related to the collection and reporting of ESG data and would expect external auditors to provide assurance on the sustainability processes of the company. Ms. Salahuddin noted that when it comes to ESG, it is *"important that the full board has responsibility and actually exercises it,"* although BlackRock is not prescriptive on how companies approach ESG and does not insist on a particular structure for committees and boards.

Similarly, when asked about Amundi's views on third-party assurance, Ms. Le Meaux said that Amundi would prefer that KPIs be audited, but additionally, the investor *"really want[s] to see the board be accountable for [the KPIs]."* She pointed out that KPIs can impact a company's image, and since KPIs can trigger investment decisions and can be used for portfolio construction, Amundi would like boards to *"make sure that the methodology used to gather information is explicit and robust and that there is an internal audit."*

Members cautioned that it may take time to provide stronger assurance. An audit chair observed in a pre-meeting call, *"It's hard to ask the auditors to have an opinion if there is no coherent standard upon which companies are reporting."* Another agreed: *"If you try and get one of the audit firms to give reasonable assurance on one of these reports, the answer is often no."* A third audit chair observed that it took decades of education and practice to reach robustness in financial reporting and that ESG reporting might require similar time to mature. One member noted that audit committees are usually chaired by a financial expert who might not have strong ESG capabilities. This member wondered what kind of expert should chair an ESG committee, since ESG is a wide-ranging topic. Audit chairs also voiced their concern about holding audit committee members or audit chairs accountable. As one audit chair noted, *"ESG is a big area, and audit committees have a lot on their plate today."*

Ms. Le Meaux proposed looking at ESG differently: *"ESG is something precise—you will look at your water consumption, you will look at how you manage biodiversity, you will look at something very precise like modern slavery by checking your supply chains."* Audit chairs and guests agreed that stronger assurance on sustainability reporting may require upskilling boards and bringing in ESG knowledge and skills through the recruitment of experts.

In the meantime, an audit chair suggested, *"As audit committees and boards, the first thing that we can do is to make sure that this is a conversation, and not only at the time we validate the annual reports. We can make sure that this is a regular part of the conversation."*

Investors expect businesses to invest in transition

Ms. Salahuddin said, *"We don't believe that there are any companies whose business model is not going to be affected by the transition to a net-zero economy."* In pre-meeting calls, audit chairs were concerned that certain sectors will face distinct disadvantages in the transition—notably, oil and gas, steel, cement, and automotive manufacturers. A member pointed out that the companies in these sectors *"are not able to show quick wins in turning around service models to green."* Audit chairs wondered how such businesses would be able to finance their transitions if they are to be "punished" by higher credit margins and limited access to capital. In a pre-meeting call a member imagined a future scenario where in a few years a private equity segment is *"roaming and getting all these excess returns, because the public market has essentially shut itself out"* from such profitable but *"brown"* investments.

Members also voiced their concerns that companies that invest in the transition to a net-zero economy might find themselves at a disadvantage against less climate-committed businesses or foreign competitors such as China-based companies. A member said, *"We spent decades fighting antidumping, and now we are going to be in a situation where we're required to truly put ourselves in a position where our products are completely overpriced. How do you balance these types of projects from a strategic perspective as investors are constantly looking at our projects' existing returns?"*

Ms. Salahuddin addressed audit chairs' questions by returning to an earlier point she had made: *"We don't believe there's an explicit trade-off between financial returns and ESG performance … properly identifying and managing ESG risks and opportunities is critical to drive long-term value creation."* She said that BlackRock is aware that for some sectors the transition pathways may not be clear, and she assured members that BlackRock *"really understands that different sectors are moving at a different pace and that some of the technologies needed do not yet exist."* She acknowledged that challenges will not be overcome overnight and that it may take years before technology offers solutions for some companies and sectors. In the meantime, strategies will be evolving, and companies will have to invest in the transition. She stressed that BlackRock wants *"boards and companies to be aware that this is the case and to articulate their approaches to how they are investing, how they are working with peers to develop solutions and addressing these challenges."* Blackrock expects that as technology continues to evolve and the world transitions to a net-zero economy, companies will continually review their emissions reduction targets.

Ms. Le Meaux also responded to audit chairs' concerns. She noted that Amundi anticipates that profitability may not be optimal in the transition but that the investor expects this to change as the price of technology solutions falls and as carbon emissions become more accurately priced. *"Part of the story,"* she said, *"is that sometimes we don't know how to give the right price to the carbon emissions in our models and that sometimes the performance of brown investment is wrongly appealing."*

Ms. Salahuddin and Ms. Le Meaux asked companies to be transparent about the challenges they face, especially in carbon intensive sectors like oil and gas. In a pre-meeting call, Ms. Le Meaux stressed that companies should be willing to share their difficulties with investors and should understand that the conversations will not always be positive. Rather than trying to impress investors, they should help investors understand reality.

Conclusions

Guests from Amundi and BlackRock made it clear that the investors' focus on sustainability is only going to increase. Both Amundi and BlackRock view sustainability risks as important investment risks. Ms. Salahuddin and Ms. Le Meaux offered insights on the kinds of reporting investors are looking for to inform their investment and voting decisions on behalf of clients; namely, disclosures with strong, rigorous metrics and supporting narratives that allow comparisons over time, across sectors, and across companies. The two guests said that

Amundi and BlackRock would look to boards to properly oversee ESG risks and opportunities, but audit chairs were concerned that with limited third-party assurance and lack of clarity on standards and on concepts like materiality, boards are left with all the risks.

About this document

The European Audit Committee Leadership Network is a group of audit committee chairs drawn from leading European companies committed to improving the performance of audit committees and enhancing trust in financial markets. The network is organized and led by Tapestry Networks with the support of EY as part of its continuing commitment to board effectiveness and good governance.

ViewPoints is produced by Tapestry Networks to stimulate timely, substantive board discussions about the choices confronting audit committee members, management, and their advisors as they endeavor to fulfill their respective responsibilities to the investing public. The ultimate value of *ViewPoints* lies in its power to help all constituencies develop their own informed points of view on these important issues. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, management, and advisors who become systematically engaged in this dialogue, the more value will be created for all.

Appendix 1: Guest biographies

Caroline Le Meaux joined Amundi on 1 July 2019 and has responsibility for the ESG research, engagement and voting team. She was previously head of the long-term investment department at the pension division of Caisse des Dépôts et Consignations (CDC), which is the fiduciary manager of several French pension funds, including Ircantec and RAVGDT. She was notably in charge of the SRI strategy, ESG, and climate policy. Before that, she was director of investment at FRR Fonds de Réserves pour les Retraites from 2011 to 2014. She has also served as a fund manager at BNP Paribas Asset Management, managing small- and mid-cap European equities, and has been head of quantitative analysis for European equities.

Ms. Le Meaux began her career at Paribas Asset Management. She is a CFA (chartered financial analyst) and a graduate of Paris IX Dauphine University.

Sabahat Salahuddin is a director and member of BlackRock's Investment Stewardship (BIS) team based in London.

She is responsible for engaging with portfolio companies in a number of European, Middle Eastern, and African markets on behalf of BlackRock's clients globally, with a focus on the financial services sector. The BIS team actively works with BlackRock's portfolio companies to promote corporate governance and business practices that are consistent with encouraging long-term value creation for shareholders in the company. The team also contributes to the integration of environmental, social, and governance considerations into the investment process.

Before joining BlackRock, Ms. Salahuddin worked as a management consultant at McKinsey & Company in their London and Middle East offices, where she served clients across a diverse range of sectors in both strategy and implementation projects.

Ms. Salahuddin earned an MSc (with distinction) in applied mathematics at Imperial College London and a BSc (honors) with a double major in accounting and finance and mathematics from the Lahore University of Management Sciences (Pakistan).

Appendix 2: Participants

The following members of the EACLN participated in part or all of the meeting:

- Horst Baier, Bayer
- Alison Carnwath, BASF and Zurich Insurance
- Laurence Debroux, Novo Nordisk
- Ana de Pro Gonzalo, STMicroelectronics
- Carolyn Dittmeier, Assicurazioni Generali
- Liz Doherty, Novartis and Philips
- Eric Elzvik, Ericsson
- Margarete Haase, OSRAM Licht, ING
- Andy Halford, Marks and Spencer
- Marion Helmes, Heineken
- Liz Hewitt, National Grid
- René Hooft Graafland, Ahold Delhaize
- Arne Karlsson, Mærsk
- Pilar Lopez, Inditex
- Kalidas Madhavpeddi, Glencore
- Benoit Maes, Bouygues
- John Maltby, Nordea
- Richard Meddings, Credit Suisse
- Marie-José Nadeau, ENGIE
- Karyn Ovelmen, ArcelorMittal
- Bernard Ramanantsoa, Orange
- Mariella Röhm-Kottmann, Zalando
- Guylaine Saucier, Wendel
- Erhard Schipporeit, RWE
- Maria van der Hoeven, Total
- Gunnar Wiedenfels, SAP
- Martin Wittig, Kuehne + Nagel

The following members of the North American Audit Committee Leadership Network (ACLN) participated in part or all of the meeting:

- Pam Craig, Merck
- Ted Craver, Wells Fargo
- David Herzog, MetLife, DXC Technology

The EY organization was represented in all or part of the meeting by the following:

- Marie-Laure Delarue, EY Global Vice Chair, Assurance
- Jean-Yves Jégourel, EY Country Managing Partner Germany

Appendix 3: Reflection questions for audit committees

- ? How are your companies meeting the challenge of heightened disclosure expectations despite the lack of standardization?
- ? What impacts do you expect to see from recent regulatory developments, and how are your companies preparing for them?
- ? How have investors engaged with your companies on ESG reporting issues?
- ? To what extent have investors encouraged your boards to set specific targets related to such ESG issues as diversity or the reduction of greenhouse gases?
- ? How are your audit committees thinking about targets and forward-looking metrics?
- ? What specific targets or commitments have your companies established?
- ? How are your companies thinking about assurance of sustainability reports?
- ? Have your boards faced any adverse votes from shareholders on ESG-related proposals or director elections? If so, what specific issues were involved?

Endnotes

[1] *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Quotations in italics are drawn directly from conversations with network members and guests in connection with the meeting.

[2] "BlackRock's 2021 Letter to Clients," BlackRock.

[3] "Voting Policy and 2021 Engagement," Amundi, February 26, 2021.

[4] European Financial Reporting Advisory Group, *Proposals for a Relevant and Dynamic EU Sustainability Reporting Standard-Setting* (European Reporting Lab, 2021), 5.

[5] Cary Springfield, "What Is the Sustainable Finance Disclosure Regulation?" *International Banker,* April 13, 2021.

[6] Mark Segal, "EU Extends Mandatory Sustainability Reporting to 50,000 Companies," *ESG Today*, April 22, 2021.

[7] Segal, "EU Extends Mandatory Sustainability Reporting to 50,000 Companies."

[8] BlackRock, *Our 2021 Stewardship Expectations: Global Principles and Market-Level Voting Guidelines* (New York: BlackRock, 2020), 7.

[9] "BlackRock Debuts Software That Assesses Climate Risk for Investors," edie, December 2, 2020.

[10] "Net Zero Asset Managers Initiative," accessed August 13, 2021.

[11] BlackRock, *Sustainability Goes Mainstream: 2020 Global Sustainable Investing Survey* (New York: BlackRock, 2020), 3, 9.

[12] The UN-convened Net-Zero Asset Owner Alliance is "an international group of 49 institutional investors delivering on a bold commitment to transition our investment portfolios to net-zero greenhouse gas (GHG) emissions by 2050." ("UN-Convened Net-Zero Asset Owner Alliance," UN Environment Programme Finance Initiative, accessed October 5, 2021.)

[13] BlackRock, "Net Zero: A Fiduciary Approach," January 26, 2021, 5.

[14] Yves Perrier, "Executive Interview: Amundi Plans to 'Stigmatise' ESG Laggards," interview by Nick Fitzpatrick, *Funds Europe*, December 2019.

[15] "Who We Are," Science Based Targets initiative, accessed October 5, 2021.

[16] Science Based Targets initiative, "Science Based Targets Initiative Launches Process to Develop First Science-Based Global Standard for Corporate Net-Zero Targets," news release, September 15, 2020.

[17] Science Based Targets initiative, *SBTi Corporate Manual* (Science Based Targets initiative, 2021), 5–6.

[18] Science Based Targets initiative, *SBTi Corporate Manual,* 7.