Damages Relating to Environmental, Social and Governance Issues

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Environmental, social and governance (ESG) is a topic of increasing relevance and importance in the assessment of damages in international arbitration. These three issues together represent an organisation's commitment to sustainability and corporate responsibility. This chapter considers the impact of these issues on damages, particularly the impacts on valuation from an investor's point of view, as what investors are willing to pay for a business determines its value and there is increasing evidence that ESG focus by companies affects corporate value and investment returns.[2]

So far the largest focus, given climate change concerns, is on E for environmental. This chapter therefore pays particular attention to the impact of environmental issues on damages. Specifically, this chapter explains some of the issues that arise relating to ESG when calculating damages.

As the chief financial officer of Ontario Teachers, one of the world's largest pension funds, has explained: 'Climate change and business valuations are inextricably linked. When determining the value of a business, one must consider all the risks and opportunities, of which climate change is one.'[3]

We give an overview, below, of the relevance of ESG issues in a damages context and then discuss how ESG-related considerations may be reflected in the assessment of a damages award. First we explain how, in principle, the assessment of damages may incorporate relevant ESG issues, then we discuss the issue of the level of ESG-related disclosure that might be relied on in practice. Finally we discuss practical ways to consider ESG issues in line with the Accounting for Sustainability framework, which is described further below.

Relevance of ESG issues to damages

ESG issues, particularly environmental ones currently, can be germane to the assessment of damages in two primary ways. The first is a direct claim where the basis of the damage is itself related to ESG, while the second relates to claims in which ESG-related factors are relevant to the assessment of damages even though the issue in dispute is not directly related to ESG considerations.

Examples of the first category (i.e., cases in which the loss arises from breaches of environment-related matters) would be seeking compensation from a company that breached its environmental obligations either under national legislation or under a contract.

One of the highest-profile cases in this area, relevant to arbitration because it shows the overall direction of travel on climate-related claims, is the German litigation case *Lliuya v. RWE,*[4] a German lawsuit filed in 2015. A Peruvian farmer is seeking damages from the German energy firm, RWE, to contribute towards enhanced measures of protection against potential flooding from a glacier melt-fed lake in Peru. The extra protection is necessary because of increased levels of melting, said to be the result of rising temperatures and other aspects of climate change. Despite the low amount claimed of €17,000, the consequences of the case are potentially enormous if the court finds RWE liable. At the time of writing, the case is expected to move forward again in the near future.

Another example of potential matters in which damages directly relate to ESG are claims against companies for misestimating, misstating or hiding environmental risks and issues facing companies, causing a loss of value for shareholders and possibly others relying on the misleading information, such as final customers.

The second way environmental issues are germane is in relation to claims that do not directly involve environment-related issues as the basis for the claim, but where, nevertheless, environment-related considerations may be material to the assessment of damages. For example, in an investor-state dispute relating to the expropriation of coal assets, the expropriation of those assets itself may not have been the consequence of any environment-related considerations but, nevertheless, those issues may be relevant to the valuation of the asset in question and, therefore, relevant to damages.

This chapter focuses primarily on this second category of damages claims and discusses the possible means by which valuation and damages experts may reflect ESG-related considerations in their assessment of damages.

How ESG-related issues may be reflected in damages assessments

Damages assessments often involve a valuation – be it of a distinct business entity, or of a cash flow stream of one specific project that is part of a broader business. A number of valuation methods can be applied and each can be categorised as within an income approach, a market approach, or a cost-based (or asset-based) approach.[5] The following paragraphs discuss how ESG-related considerations might be reflected under each of the three valuation approaches.

Regardless of the approach that is applied, valuation is essentially a forward-looking exercise that should reflect future expected cash flows and risk as at the date of valuation. ESG-related risks and opportunities can affect the level and riskiness of the future cash flows of a business in a number of ways and, hence, can affect its valuation. The challenge in reflecting these ESG-related risks and opportunities in corporate valuations has historically been threefold: (1) a lack of information about the effects; (2) a lack of consistency in how information is presented; and (3) a lack of consistency in how such information is used for valuation impacts. However, there is a drive to improve in each of these, as discussed further below: ESG-related disclosure generally requiring further information about ESG impacts; the use of ESG ratings, which will improve consistency in how information is presented; and the Accounting for Sustainability framework as one approach to improve consistency in use for valuation.

Income approach

Under the income approach, future cash flows are explicitly forecast for a certain period or assumed to grow at some rate of growth into the future. These cash flows are discounted at a rate that reflects the return investors require to compensate them for the time value of money and for the risks attached to those future cash flows. Thus, the income approach (regardless of the specific method that is employed) consists of two broad components: cash flows and discount rate. Each of these may explicitly reflect certain ESG-related considerations.

First, cash flow forecasts may explicitly reflect expectations regarding a number of ESG-related value drivers. For example, demand may be affected by customer perceptions of the degree to which an organisation is perceived to comply with its ESG-related obligations, and businesses that are well regarded in this respect may be able to achieve premium pricing for their products. The cost side of the business may also be affected through increased costs of compliance with future regulations or in terms of expected changes in the price of certain inputs, such as fuels and energy. In practice, the development of requirements for climate-related financial disclosure will also facilitate the forecasting of these effects on cash flow.

Second, to the extent that the business faces ESG-related risks, these may also be reflected in the discount rate – particularly if those factors cannot be readily reflected in the cash flow forecasts. For example, for coal-fired power plants or coal mines, there may be specific risks that can be included in the cash flow or, if not, the discount rate may need to be adjusted to reflect increased risk perceived by investors in such assets. At the time of writing, there is no consensus within the valuation community as to whether or how such additional risks should be reflected in the assessment of the discount rate – for example, whether a capital asset pricing model approach should be modified to reflect an environmental risk premium and, if so, how such a premium should be estimated. However, there is strong empirical evidence that investors do in fact require additional returns for investing in certain assets owing to changes in the perceived level of risk of those assets. For example, research by the Oxford Institute for Energy Studies shows that institutional investors required an average hurdle rate of return of between 10 per cent and 11 per cent to invest in wind or solar assets, between 15 per cent and 21 per cent to invest in oil assets and 40 per cent to invest in coal assets.[6]

Market approach

Under the market approach, rather than explicitly forecasting cash flows and calculating their net present value, transactions in comparable companies (be they transactions for shares in listed companies or shares in unlisted companies, or even prior transactions relating to the asset being valued) are used as a valuation benchmark. These prices are often scaled by reference to some metric (e.g., some measure of profit) to provide a relative value benchmark, referred to as a valuation ‘multiple’. To ensure that this approach appropriately reflects the ESG value drivers of the business being valued, the selections of comparators and of the appropriate valuation multiple are often important.

When selecting comparators it is important to consider the extent to which their value is affected by ESG-related factors and to compare that with the asset being valued. It may be relevant to consider factors such as geography and applicable regulation, product mix, level of emissions, and so on. As is the case with the application of the market approach more broadly, there may be no perfectly comparable company with respect to exposure to specific ESG-related value drivers but, in combination with other market data and the judgement and reasoning of the valuer, the multiples of such companies may, nevertheless, provide a useful reference point in the valuation.

With respect to the selection of the multiple, it is important to consider how ESG considerations are likely to affect the future cash flow prospects of the business (and, hence, the valuation). A commonly used multiple is EV/EBITDA. To evaluate whether this is appropriate for companies with significant ESG-related value drivers, we need to consider whether and how those value drivers are likely to be reflected in the chosen metric – in this case, EBITDA. For example, if the company being valued is likely to face a higher or lower level of taxation than the average for the industry in which it operates as the result of government ESG-related incentives, then (all else being equal) each dollar of EBITDA earned by the company being valued will equate to a different level of free cash flow than for the average company within that industry. In this case, using the industry EBITDA multiple may overstate or understate the relative value of the company being valued.

Cost approach

Finally, when applying the cost (or asset-based) approach, a company is valued by reference to the value of its constituent assets and liabilities – sometimes its historical cost less depreciation or amortisation. In applying this approach to the valuation of a company heavily influenced by ESG considerations, it is important to consider whether the constituent asset values reflect expectations relating to their ESG-related value drivers as at the date of valuation. For example, the constituent assets of a coal mine that were purchased at a time when far greater use of coal was expected may not be reliable indicators of their value as these expectations are liable to change.

ESG-related disclosure

Task Force for Climate-Related Financial Disclosures

As stated above, one of the biggest challenges to fully incorporating ESG issues into a valuation is a lack of consistent information. However, there is an increasing focus on requiring disclosure, led by the Task Force for Climate-Related Financial Disclosures (TCFD). This aim of this project, formed in 2015 by the Financial Stability Board,[7] is to improve and increase reporting of climate-related financial information. The TCFD first reported in 2017 and set out a set of voluntary disclosures, many of which are now becoming mandatory in different jurisdictions. For example, from April 2022, the TCFD reporting recommendations are mandatory in the United Kingdom for any company with 500 or more employees and a turnover of more than £500 million.[8] The TCFD recommendations consist of four primary elements:[9]

- governance: an organisation's governance around climate-related risks and opportunities;
- strategy: the actual and potential effects of climate-related risks and opportunities on an organisation;
- risk management: the process used to address climate-related risks; and
- metrics and targets: the metrics and targets used to assess and manage climate-related risks.

In its latest report, in 2021, the TCFD noted that there are now official disclosure requirements for the European Union, the United Kingdom, Switzerland, New Zealand and Hong Kong, with 12 governments and dozens of central banks, supervisors and regulators formally having expressed support for the TCFD recommendations. More than 2,600 organisations have now endorsed them, an increase of more than 70 per cent since the previous year.[10] Overall, the TCFD noted that supporters now account for US$25 trillion of market capitalisation coverage (almost double the previous year) and US$194 trillion of financial company assets.[11] As the increased support for the TCFD reporting requirements demonstrates, whether through voluntary action or government action, some of the information required to evaluate climate risks is now becoming far more available, the first step to taking such risks fully into account in valuation.

ESG ratings

The second point noted above was a lack of consistency in how information is provided. This will be remedied, at least in part, by the ESG ratings now being issued by credit rating issuers. All three of the best-known credit rating agencies – Moody's, Standard & Poor Ratings and Fitch Ratings – have developed a detailed methodology in recent years for assessing ESG risks. Their credit ratings are well known, forward-looking opinions about the ability and willingness of debt issuers, such as corporations or governments, to meet their financial obligations on time and in full. They therefore provide a common and transparent language for investors and other market participants, corporations and governments, and are one of many inputs investors can consider as part of their decision-making processes.

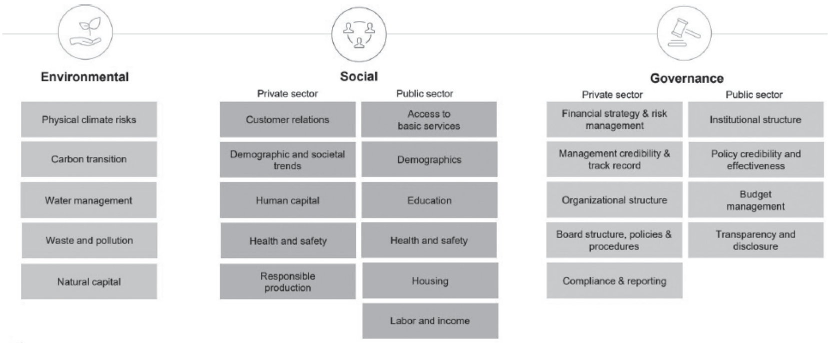
The ability of a company to borrow money from the capital markets and the the cost of borrowing are directly affected by its credit rating. A higher credit rating indicates a lower the risk for investors that the company would not meet its financial obligations, meaning that, all else being equal, the issuer will be able to borrow at lower interest rates. The credit rating, therefore, is linked to the interest expense incurred by the company, being a cash outflow, and thus the weighted average cost of capital of the company.

The ESG profile scores now provided by the agencies stand aside from the overall credit rating of a company though. ESG compliance does not necessarily correlate with creditworthiness and vice versa. The effects of ESG risks on credit ratings of companies, in fact, is rather low (according to Fitch Ratings Agency, the effect is less than 3 per cent).[12] Further, the current and future influence of ESG credit factors on creditworthiness can differ by industry, geography and entity. This is because a similar exposure to an ESG risk may be perceived differently by customers, employees or policy makers depending on their own socio-political background and, thus, may have different credit implications.

To give a practical example, an investor from a country with a low interest in environmental matters might consider that investing in a local company operating a production plant known for polluting local water resources to be less problematic than an investor from the United States would. The less environmentally conscious investor, therefore, might be willing to invest in the company, meaning that the water polluting events have less of an effect on that company's ability to borrow from capital markets than if its financing had been dependent on United States investors. These are some of the reasons, perhaps, that the ESG scores issued by credit rating agencies stand aside from the overall credit rating of a company and why ESG scores across different industries and geographies are not fully comparable.

What the ESG profile scores do achieve, though, is to improve the situation around disclosure and reporting of ESG matters in a more consistent and independent way, and they add to transparency in the investment decision-making process. To give an example of this, we consider Moody's approach:

- *Step one*: Moody's identifies an ESG score per sector based on how a specific sector is impacted by ESG credit relevant risks. The credit relevant risks that feed into this step are summarised in the figure, below.[13]



- *Step two*: Moody's then creates heat maps, which provide relative ranking of various sectors along the E and S classification of risks, particularly in respect of carbon transition, physical climate risks, water management, waste and pollution and natural capital. According to their ranking made in 2022, the sectors with very high environmental risks were chemicals, coal mining and coal terminals, mining of metals, and several sectors within the oil and gas sector. The sectors with the highest social risks were coal mining and coal terminals, and tobacco and asset-backed securities, in the tobacco industry.[14]
- *Step three*: Moody's then assesses company specific information for each of the ESG credit relevant risks and sets up an issuer profile score for each category of risk for that company. Moody's will thus give the company a score for each of the E, S and G risks, ranging from one to five – one indicating a positive effect (i.e., there are material credit benefits) and five indicating a very highly negative effect. These issuer profile scores are then combined, backed with the sector scores, to assess the final credit impact score (CIS), which also ranges from one to five.

The CIS illustrates the credit impact of an issuer's ESG profile (as illustrated by its E, S and G profile scores) on its credit rating. These CIS scoring levels indicate the extent, if any, to which the credit rating of an issuer is different from what it would have been in the absence of exposure to the risks associated with the issuer's ESG characteristics. The ratings range from CIS-1, Positive, where ESG attributes are considered as having a positive material influence on the rating, to CIS-3, Moderately Negative, to CIS-5, Very Highly Negative in terms of the effect on the credit rating.

There is then the question of how to take into account the ESG ratings in the valuation of non-publicly traded companies for which ratings are not available. For example, should the discount rate be adjusted to reflect the ESG ratings of comparable companies when using the discounted cash flow method? Should the EBITDA (i.e., enterprise value to earnings before interest, taxation, depreciation and amortisation) multiple be weighted to reflect the ESG ratings of the comparable companies used to calculate the multiple under the market approach? Although the intuitive answer is 'yes', the practicality of having all necessary information to do so currently limits the feasibility of such an exercise, and although there are positive indications on linkage between good ESG ratings and higher valuations by firms such as McKinsey,[15] it is still not something that can readily be directly converted into a quantifiable valuation impact.

Moody's itself mentions that assessing the credit impact of ESG consideration is challenging as it must often be inferred or estimated from multiple sources based on reporting that, as mentioned previously, is not yet standardised and consistent. The assessment inevitably involves a qualitative judgement.[16]

Finally, there is a further point to note regarding ratings. Fitch Ratings also uses a scale of one to five when classifying ESG risks and their effects on a company's credit rating. Nevertheless, the categories have different meanings. In Fitch Ratings, '1' stands for ESG risks that are irrelevant to the entity rating and irrelevant to the sector. Only ESG factors '4' and '5' are relevant to a company's credit rating.[17] S&P Global Ratings classifies companies, in respect of ESG credit risk, on a scale from 0 to 100.[18] The methodologies are therefore not unified. As a result, for a valuation practitioner, trying to establish a sample of comparable companies, represents a further challenge.

Taking all the above into account, the best approach to ESG ratings may be not to seek to directly convert an ESG rating into a valuation impact but to break down the rating into its component parts and use those as inputs into the evaluation framework set out below to help determine the likelihood and potential effects of specific risks.

Framework for incorporating ESG impacts in valuation

The final key problem in greater incorporation of ESG considerations into valuation after tackling the level and consistency of disclosure is the lack of a common approach to how to use information that is disclosed. The challenge in relation to the TCFD work (and, to some extent, ESG ratings) is that, although these require greater review and disclosure of ESG-related risks and opportunities, there is no clear consensus as to whether they result in a sufficiently comparable set of information across companies, sectors and geographies that can be reflected in corporate valuations, or how that information should be reflected. Therefore, other bodies are now seeking to develop standards that go further than the TCFD to increase comparability and use of ESG information. In particular, two such efforts are worth noting:

- The International Sustainability Standards Board (ISSB) was set up by the International Financial Reporting Standards Foundation in November 2021 with the objective of delivering a comprehensive global baseline of sustainability-related disclosure standards for investors and other capital market participants. At the time of writing, the ISSB has provided exposure drafts (which is part of its process prior to issuing a new standard) and received comments on those, and is due to issue standards for both climate-related disclosures and sustainability-related information.[19] The ISSB's objective is to provide more 'consistent, complete, comparable and verifiable information including consistent metrics and standardised qualitative disclosures, to help assess how climate-related matters and the associated risks and opportunities affect', among other things, enterprise value.[20]
- More directly, Accounting for Sustainability, in coordination with a very strong set of investors (including Omers, CDPQ, Ontario Teachers, NZ Superfund and others involved), set out an Essential Guide to Valuations and Climate Change in 2021.[21] This guide, discussed in more detail below, seeks to address a lack of consistency on how information is disclosed and to be used for valuation purposes and to facilitate a consistent approach.

Both these frameworks, and others, continue to be developed, as does the rating guidance. The Accounting for Sustainability guide is exactly that at this stage – guidance. However, there is a clear direction of travel, as there has been with the TCFD disclosures, towards greater disclosure, greater standardisation and greater quantification of risks, all of which will help to ensure greater use in valuations, as certain of the newer guidelines, in the same way as the TCFD initial guidelines, become mandatory over time. The Accounting for Sustainability guidance sets out five key steps in relation to ESG for valuation:

- identification of the company's key value drivers;
- assessment of the sources of climate change risks and opportunities;
- filtering for the assessed sources of climate change risks and opportunities for those that should be evaluated more closely for incorporation into the valuation;
- integration, where appropriate, of the risks and opportunities into the valuation models; and
- triangulation of the risks or opportunities (or both) and their related effects on the subject entity versus its peers, as well as reviewing the assessed effects over time as more information becomes available.

We discuss the guidance on each, below, as a potential framework to consider ESG issues within a valuation.

Identification of company's key value drivers

The key areas to consider are as follows:

- What are the core activities and what are they expected to be?
- What is the cost structure and what are the major production inputs?
- What is the operating environment in terms of competition and regulation?
- Where does the business operate (including where its raw materials or inputs are from)?

- Who are its customers?

Assessment of sources of climate change risks and opportunities

This considers the different types of risks and opportunities that can affect a company, as well as mitigation for the same, and relates those to the company's key value drivers. Climate change risks and opportunities can be considered through a variety of lenses, seeking to capture all the different facets of the effects of climate change. These include:

- physical risks and opportunities (such as flood, wind and storm, temperature, water availability) – whether directly a risk to the company or indirectly via customers or the supply chain;
- marketplace changes – what products consumers want, effects on prices, acceptance of products and reputation caused by environmental and social issues;
- legal and policy changes – litigation, increased regulatory oversight, limitations and prohibitions, and charges such as carbon pricing;
- technology and substitution – non-fossil fuel energy, virtual meetings rather than travel, electric vehicles rather than oil driven; and
- capital and financing – although arguably a result of the points above, borrowing rates and perceived risk (and, therefore, cost of capital) for equity investors can be affected significantly by perceptions as to the ESG performance, risks and opportunities for a business.

The factual information about key issues to apply to all these lenses can come from corporate reporting, analyst reports, rating agencies, external data providers, sector specific reporting, asset level data and, possibly, discussions with management.

Filtering for more significant and more likely risks and opportunities

There will often be a large number of risks and opportunities if all facets of a business are considered. The Accounting for Sustainability framework characterises the likelihood and materiality of the expected impact on a scale from low to very high. What should be distinguished here are risks (e.g., flooding) that may occur and costs that are more certain (e.g., already agreed costs of increased flood defences), as the two can be treated differently in a valuation. Considerable judgement is needed on what mitigation is possible for risks (e.g., by moving operations, having multiple facilities in different locations, or having different lines of business not all dependent on the same work factors).

Integration into valuation of identified risks and opportunities

When using a discounted cash flow (DCF), where to reflect the identified risks or opportunities (i.e., as cash flow or discount rate adjustments) largely depends on whether the effects on cash flows can be quantified reliably. If using a market-based approach, it will be important to ensure the comparability of the companies used as comparators to the subject company. For example, describing companies as power companies will not be sufficient if one is coal-fired and the other is purely renewable, as they will face different risk and, therefore, value characteristics. Similarly, two oil and gas companies may not be comparable if one is taking active steps to address climate change risks but the other is ignoring them.

Triangulation to market, including iteration if necessary

Finally, whichever valuation approach is the main one used (usually DCF or market), the valuer can compare both methods and consider for both whether the market has appropriately integrated climate risks, before arriving at a concluded value. This is particularly the case where climate-related impacts are seen as high, as under the above-stated first three steps.

Conclusions on ESG impacts on assessment of damages

Although ESG-related issues may themselves be the basis for damages, there is a broader set of claims in which ESG-related issues will be relevant for the assessment of damages, even where the damages themselves are not directly derived from ESG-related issues. Regardless of the valuation approach applied, where ESG-related risks and opportunities can be expected to have a material effect on cash flows generated by the asset being valued, then that should be appropriately reflected in the damages assessment.

In practice, the ability of the valuer to do so depends, in part, on the quality and volume of information available. We note increased disclosure requirements, such as the TCFD recommendations, and increased reporting of ESG ratings are particularly relevant in this regard.

The Accounting for Sustainability five-step framework for assessing ESG impacts – identify, assess, filter, integrate, triangulate – does provide a helpful potential structure, although there remain significant challenges in taking account of ESG risks, not least that investors are not yet adjusting valuations in a consistent manner for these issues. In a damages context, it is important to understand how the extent and manner in which ESG issues are taken into account in corporate valuations continue to develop.

Notes

[1] Colin Johnson is a partner, Jana Lefranc is a director and Joseph Kirby is an associate director at HKA.

[2] See, e.g., 'The impact of ESG and corporate culture on company performance', Cornell University, BusinessFeed (24 August 2021), available at https://business.cornell.edu/hub/2021/08/24/impact-esg-corporate-culture-company-performance/.

[3] Accounting for Sustainability (A4S), 'Essential Guide to Valuations and Climate Change', Section 1: Introduction, p. 5, available at https://www.accountingforsustainability.org/en/knowledge-hub/guides/valuations.html (last accessed 5 October 2022).

[4] Case No. 2 O 285/15, Essen Regional Court.

[5] An overview of these approaches is set out in the chapter titled 'The Applicable Valuation Approach'.

[6] Oxford Institute for Energy Studies, 'Energy Transition, Uncertainty, and the Implications of Change in the Risk Preferences of Fossil Fuels Investors' (January 2019), available at https://www.oxfordenergy.org/publications/energy-transition-uncertainty-implications-change-risk-preferences-fossil-fuels-investors/ (last accessed 27 September 2022).

[7] The Financial Stability Board is an international body hosted and funded by the Bank for International Settlements that monitors and makes recommendations about the global financial system.

[8] Department for Business, Energy and Industrial Strategy, 'Consultation response: Mandatory climate-related financial disclosures by publicly quoted companies, large private companies, and LLPs', October 2021, page 8, available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029354/tcfd-consultation-government-response.pdf (last accessed 5 October 2022).

[9] Task Force for Climate-Related Financial Disclosures (TCFD), Final Report, 'Recommendations of the Task Force on Climate-related Financial Disclosures' (June 2017), Figure 2 (page v)available at https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf (last accessed 27 September 2022).

[10] TCFD, '2021 Status Report', October 2021, page 1, available at https://www.fsb.org/wp-content/uploads/P141021-1.pdf (last accessed 5 October 2022).

[11] ibid., page 2.

[12] Fitch Ratings, 'Introducing ESG Relevance Scores for Corporates Marking the Intersection of Credit Risk and ESG Risks' (7 January 2019).

[13] Source: Moody's Investors Service.

[14] Moody's Investors Service, Presentation to CFA Society France: 'ESG Methodology and Scores' (May 2022).

[15] McKinsey & Company, 'Diversity wins: How inclusion matters' (May 2020), p. 11, available at https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf (last accessed 5 October 2022). According to this McKinsey & Company study, in 2019 companies with an ethnically diverse employee base were 36 per cent more likely to financially outperform companies operating in the same industry than companies with a non-diverse employee base. Companies with a gender diverse employee structure are 25 per cent more likely to outperform industry peers with a non-diverse structure.

[16] Moody's Investors Service, General Principles for Assessing Environmental, Social and Governance Risks Methodology, 19 October 2021, available to subscribers at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288235.

[17] Fitch Ratings, 'Introducing ESG Relevance Scores for Financial Institutions' (February 2019), available at https://www.fitchratings.com/research/non-bank-financial-institutions/introducing-esg-relevance-scores-for-financial-institutions-25-02-2019 (last accessed 27 September 2022).

[18] S&P Global Ratings, ESG Evaluation brochure (2021), available at https://www.spglobal.com/_assets/documents/ratings/esg/esg_evaluation_brochure_digital.pdf (last accessed 5 October 2022).

[19] International Financial Reporting Standards (IFRS), 'Exposure Draft: [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information', March 2022, available at https://www.ifrs.org/content/dam/ifrs/project/general-sustainability-related-disclosures/exposure-draft-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information.pdf (last accessed 5 October 2022).

[20] IFRS, Staff paper (September 2022), Background to the 2022 Exposure Draft, available at https://www.ifrs.org/content/dam/ifrs/meetings/2022/september/issb/ap4a-climate-related-disclosures-summary-of-comments.pdf (last accessed 27 September 2022).

[21] A4S CFO Leadership Network, 'Essential Guide to Valuations and Climate Change', available at https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/The%20A4S%20Essential%20Guide%20to%20Valuations%20and%20Climate%20Change.pdf.downloadasset.pdf (last accessed 5 October 2022).

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