

Motivation behind socially-responsible investing: Regulation or reputation?

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[Wayne Atkinson](#) is quoted in Orbit TRC magazine on the subject of regulation or reputation when it comes to the motivation behind socially-responsible investing around the world. He talks about EU regulation in the form of the Sustainable Finance Disclosure Regulation (SFDR) and the 2018 introduction of the Guernsey Financial Services Commission's regulated green fund seal of approval, which gives investors the confidence that the products they are investing in have the highest ESG standards.

'What the regulators have created is a definition of what green is considered to be and, to get that designation, people have to give assurances to the regulator that the underlying asset base is suitably green, that it meets those criteria, and that it will continue to do so.

'This approach looks to promote ESG's positive aspects by giving you a kitemark if it's good, whereas with the EU regulation you get a negative impact if you're not looking so hot.'

Some companies are going above and beyond regulatory requirements and putting in place their own higher ESG standards as they understand that this is what shareholders, investors and potential investors expect.

'Potentially it's very significant in the EU as you are having to make some fairly fundamental disclosures. For people who are active in the ESG space, it probably won't go above and beyond what they are normally reporting to their investors but the people that weren't interested previously are now having to engage with it, and that's where the impact will be most keenly felt.

'Here in Guernsey, climate risk consideration is baked into our finance sector code of corporate governance now, so you actually have an obligation to think about it, and that is from a caution and prudence perspective as much as a do-the-right-thing perspective,' said Atkinson.

'This is very much a world now where people are expected to be alive to these issues and to be taking them into account.'

Read the full article [here](#).

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