

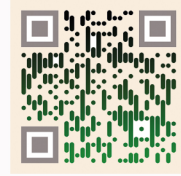
# DISCERN SUSTAINABILITY

## PROJECT: ESG FUND IMPACT KPIS

Client: Top-tier Asset Manager by AUM

Sub-sector: Equities, Bonds

Activity Category: Product Development and Design



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### THE BRIEF

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The client was acquiring a distinguished family of screened Responsible Investment funds. A series of non-financial performance hurdles, such as climate change, diversity and business ethics, had not been implemented by the incumbent manager. Discern Sustainability was engaged to:

- Appraise and revise, where appropriate, a new set of performance hurdles
- Assess ESG service providers' datasets to find the best match between the desired performance areas, suitable KPIs and data to monitor performance
- Work closely with client specialists to ensure they could take ownership of the end result, with minimal additional effort.

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### DEVELOPMENT OF THE PROJECT

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As the limitations of each rating/data provider became evident, through modelling, the challenge became the need to continually refine the performance areas, the chosen KPIs and the data available to support them.

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### VALUE TO THE CLIENT

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The work of Discern Sustainability enabled the client to achieve the greatest available balance between:

- Performance hurdles that are specific to the client's outlook (as opposed to pre-determined ones from an off-the-shelf, overused rating)
- Using raw data as much as possible, to remove rating supplier subjectivity
- Remaining relevant to all sectors invested in
- Stay cost-efficient and require minimal maintenance.

The consultant was also able to advise on the translation of technical measures into consumer-friendly language, without losing anything in translation and persuade the client's external advisory committee of the logic for changes. Although not part of the brief, Discern Sustainability was able to advise on procedures to ensure that the impact of any fund manager's changes to holdings on the final KPIs would be understood in advance, so that this could be a consideration in achieving both financial and non-financial returns.

