MOODY'S ANALYTICS

ESG Risk Assessment for Lenders & Asset Managers

DURATION

2 Days

DELIVERY CHANNEL

Virtual
Instructor-Led

OR

In-Person
Classroom

PROGRAM LEVEL

Intermediate to
Advanced

PREREQUISITES

None

ADVANCED PREPARATION

None

CPE CREDITS

16

Overview

Discussions around various risks related to ESG (Environmental, Social and Governance) have become increasingly important and have been amplified by the COVID-19 black swan event. Companies are dealing with changing behaviors, habits, routines and priorities that will forever change business practices. Even more urgently, banks are managing the unfolding crisis of changing asset values and associated credit risks from both a lending and asset management perspective.

This seminar provides delegates with an understanding of sustainable financing and investing with a special focus on ESG considerations. Discussions will focus on their applicability to credit analysis and credit portfolio management. Background context will be provided on critical concepts, including ESG KPIs and quality, SDG (Sustainable Development Goals) impact, CO_2 scope, climate risk forecasting, engagement and proxy voting, UN PRI (Principles for Responsible Investment) reporting, and upcoming regulation. The seminar will then demonstrate the relevance and materiality of those topics in ESG implementation for dealing with the current crisis. Case studies will discuss what banks and asset managers are doing to survive, thrive and protect their clients.

Learning Objectives

BY THE END OF THIS COURSE, YOU WILL BE ABLE TO:

»   Protect the value of a bank's asset portfolio, including that of its loan book.

»   Make sound lending decisions from a more sustainable perspective.

»   Manage the risks associated with ESG-related issues, especially credit risk.

»   Apply solid sustainability research, including ESG quality, SDG impact and CO_2 analysis, to underwriting and asset management businesses.

»   Interpret and overcome the quality issues related to ESG/SDG/CO_2 data sets.

»   Implement a sustainable research, investment and selection process (from ESG/SDG analysis to engagement and proxy voting and reporting) in underwriting and asset management businesses.

»   Write a PRI report (as every PRI signatory is required to perform).

»   Design a transparent sustainability reporting for your bank, fund, loan book, asset management company.

Who Should Attend?

»   Portfolio/asset/fund managers

»   Credit analysts

»   Ratings advisors

»   Equity analysts

»   Credit risk professionals

»   Asset owners

»   Investment and commercial bankers

»   Financial regulators

»   Banking supervisors

Virtual Delivery

You are able to access virtual courses from any location. Some courses, however, include region-specific content based on the host region. For example, a course beginning at 10 AM EST may include references to GAAP versus IFRS, since the course is being hosted in the Americas. Please contact us at learningsolutions@moodys.com for region-related content queries.

Course Detail

MODULES			
1	**Introduction**	1	ESG Case Studies » Provide examples of companies who have been negatively impacted by ESG risks » Case Study: Vale » Case Study: Tazreen Fashion Limited » Case Study: Volkswagen
2	**Environmental Risk**	2	Introduction to Environmental Risk » Describe environmental risk » Case Study: Groups work on a self-selected relevant case » Identify the main types of environmental risk issues
		3	Importance of Managing Environmental Risk » Explain the strategic importance of environmental risk to lenders » Explain the impact of environmental risks (Direct, indirect liability and reputational impact)
		4	Minimizing Environmental Risk » Understand how to assess environmental risk in a lending transaction (Data, environmental due diligence, covenants, conditions, etc.) » Describe how lenders can mitigate environmental risks in their lending portfolio
		5	Measuring and Managing Climate Change Risks » Understand TCFD recommendations » Describe different tools to measure climate risks
3	**Social Risk**	6	Introduction to Social Risk » Describe social risk » Case Study: Groups work on a self-selected relevant case » Explain how social risk has evolved over time » Identify the main types of social risk issues
		7	Importance of Managing Social Risk » Explain the strategic importance of social risk » Explain the impact that social risks can have on a business and lender
		8	Minimizing Social Risk » Understand how to assess social risk in a lending transaction (Data, social due diligence, covenants, conditions, etc.) » Describe how lenders can mitigate environmental risks in their lending portfolio

4 Governance Risk

9 Introduction to Governance Risk

- » Describe governance risk
- » Case Study: Groups work on a self-selected relevant case
- » Explain how governance risk has evolved over time
- » Identify the main types of governance risk issues

10 Importance of Managing Governance Risk

- » Explain the strategic importance of governance risk
- » Explain the impact that governance risks can have on a business
- » Explain the impact that governance risks can have on a lender

11 Minimizing Governance Risk

- » Understand how to assess governance risk in a lending transaction
- » Describe how lenders can mitigate governance risks

5 ESG and Credit Risk

12 ESG impacts Credit Ratings

- » Understand why Credit Rating Agencies acquire and integrate ESG Rating and Research Provider
- » Actual discussions with regulators in central banks and policy bodies (EU). More required capital for poor ESG qualities
- » Case Study: Latest requirements by the Bundesbank (GE)

6 Quantitative credit rating models including ESG factors

13 Understand discriminant analysis

14 Case Study: Applying quantitative credit rating models

15 Understand the importance of data quality

7 Emerging ESG Issues and Regulations

16 SDG Impact

- » Describe the Sustainable Development Goals
- » Describe SDG impact measurement methodologies

17 Modern Slavery Act

- » Describe Modern Slavery and the Modern Slavery Act
- » Explain the impact of modern slavery on lenders

18 Equator Principles and Reporting

- » Describe the Equator Principles
- » Understand the key principles covered by the framework
- » Identify who the Equator Principles apply to and what the reporting requirements are
- » Appreciate the impact of the Equator Principles on the lending activities of financial institutions

8 | **Integrating ESG principles into your business**

19   Sustainable Finance

» Describe sustainable finance
» Understand why investors, borrowers and lenders are interested in sustainable finance
» Describe how sustainable finance works and the key considerations for participants including ESG data

20   Responsible lending and investing

» Describe how lenders and investors are going beyond basic ESG principles to commit to ways of treating customers fairly and to manage investment risks
» Describe how lenders and investors manage their supply chain and stakeholder relationships to reduce indirect ESG risk

21   Embedding ESG strategy and policies

» Understand how financial institutions can embed ESG data analytics and strategies into their business
» Describe an effective ESG policy and how it can be embedded in a financial institution's risk management framework
» Case Study: Design your institutions' ESG policy
» Describe how improved board oversight can mitigate a lender's governance risk

22   Becoming and remaining a PRI Signatory

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Students should check for up-to-date information directly from the NASBA website: www.nasbaregistry.org.

Christoph M. Klein; CFA, CEFA

Training Consultant

Christoph M. Klein, CFA, CEFA, is a managing partner and portfolio manager at ESG Portfolio Management GmbH.

Previously, Christoph served as a partner at nordIX AG and as a portfolio strategist and managing director at Deutsche Asset Management. Before rejoining Deutsche Asset Management in 2007, he worked as partner and head of fixed-income credit at TriPoint Asset Management.

Christoph also worked as a multi-strategy portfolio manager for credit hedge funds at CPM Advisors in London and as an analyst and portfolio manager for corporate and convertible bonds at Deutsche Asset & Wealth Management. In 2000, he was a visiting scholar at the Salomon Center for the Study of Financial Institutions at New York University. Christoph began his career as a private banking investment strategy analyst at Deutsche Bank.

In 2020, he won the Sustainable Investment Award for Multi Asset Manager of the Year by Environmental Finance. In the same year, ESG Portfolio Management won the Deutsche Exzellenzpreis.

Christoph is a member of the DVFA Sustainable Investing Commission and serves as a member of the UN PRI Fixed Income Working Group. He received his diploma in business administration from the University of Trier.

He has also authored several articles in the areas of ESG and credit risk analysis, and currently teaches classes designed for analysts and portfolio managers at the DVFA.

Languages Spoken:

German
English

Country Experience:

Germany
UK
USA

Company Experience:

ESG Portfolio Management
nordIX AG
Deutsche Asset Management
TriPoint Asset Management
Deutsche Bank

Why Moody's Analytics?

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GROUP DISCOUNTS

Special rates may be available for multiple course or group bookings. Please contact us for details.

FEES AND CANCELLATIONS

The fee listed is per participant. Course fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the course. Registrations may be canceled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another course, but fees will not be refunded. We reserve the right to cancel or reschedule courses at any time. For further information on our refund and complaint policy, please contact us.

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