

## REGULATORY INTELLIGENCE

## Steward leadership can help tackle greenwashing globally, says ESG knowledge hub

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Encouraging citizens to learn more about finance and environmental "stewardship" could be crucial to tackling the problem of greenwashing in the ethical investment sector, officials said.

"Steward leadership is vital to ensure the integrity of environmental, social and governance (ESG) actions," Rajeev Peshawaria, chief executive of Stewardship Asia Centre, told Regulatory Intelligence.

"While initiatives such as green finance, regulation, reporting and incentives are critical, unwavering steward leadership is the underlying force required in the implementation of ESG measures to save planet earth and humanity."

The Stewardship Asia Centre, part of the Singaporean state-owned Temasek investment company, is launching an educational platform to promote leadership in matters of financial services and sustainability. The initiative is in line with the government's "Singapore Green Plan 2030", which launched in 2021.

Stewardship Commons, a crowdsourced content and community hub, is intended to educate Singaporeans on steward leadership, ESG-related issues, sustainability, corporate governance and responsible investing.

The platform would seek to crowdsource knowledge and insights on all aspects of ESG stewardship, Peshawaria said.

"Singapore is a [major] financial hub. In line with the government's green ambition, we hope to drive global awareness of the issues facing the planet and its people and create opportunities for businesses to build green solutions."

### Steward leadership values

The platform will encourage businesses and other organisations to develop and activate what the initiative calls "steward leadership values". These include interdependence, taking a long-term view, assuming an ownership mentality and creative resilience.

Interdependence means viewing the world as an interconnected system in which an individual's success depends on the success of others. Developing a long-term view is interpreted as creating sustained value for both current and future generations. An "ownership mentality" means taking proactive responsibility to make stewardship happen; while creative resilience means developing the tenacity to find innovative solutions to disruptive challenges.

These voluntary criteria are intended to apply for asset owners, asset managers as well as main street companies, which produce goods and services. "They are intended to help organisations build a framework to bolster their growth strategies by taking into consideration the environment and society", Peshawaria said.

"Based on our research, these are essential for 'doing well by doing good'."

### Steward leadership helps crack down greenwashing

Stewardship Asia Centre defines steward leadership as the genuine desire and persistence to create a collective better future for a variety of stakeholders, society, future generations and the environment.

"Our research shows that the most powerful examples of meaningfully addressing challenges like climate change and income inequality stem more from authentic steward leadership rather than regulatory or market pressure," according to an article published by Stewardship Asia Centre, entitled "Why steward leadership is important as businesses take on the ESG challenge".

The U.S. and European regulators have been tightening their requirements, cracking down on over-hyped claims, including the metrics underpinning ESG ratings, the article noted.

The U.S. Securities and Exchange Commission announced a case against an investment company over alleged ESG mis-statements in May, 2022. BNY Mellon's investment arm agreed to pay \$1.5 million to settle charges from the regulator.

DWS, majority-owned by Deutsche Bank, was also alleged to have over-reported the value of ESG assets in its annual report, according to whistleblower and former employee Desiree Fixler.

Against such a backdrop, "greenwashing" has become a topical issue to resolve for regulators internationally.



Stewardship Asia Centre is a knowledge hub of Temasek and aims to act as thought leadership for the business community in Singapore in relation to combatting greenwashing.

(Yixiang Zeng, Regulatory Intelligence)

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