

FUTURE
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7TH
E D I T I O N

Inclusive ESG

RESOLUTION



King Abdulaziz International Conference Center
Riyadh, Saudi Arabia

COMMUNIQUE

Sustainable finance flows in emerging markets have increased over the past decade, but we are still far from the scale necessary. The number of Emerging markets issuing sustainability bonds increased dramatically between 2015 and 2021, according to the International Monetary Fund. This diversification is important, yet flows are mostly concentrated in a few countries and the scale of capital flow is still insufficient to meet the \$2.5 - 3.7trn annual investment gap needed to address the sustainable development goals in developing countries (UNPRI, 2022). Currently, less than 10% of sustainable equity investment is reaching the world's emerging markets, where it is needed most.

Evidence is mounting around the limitations of the current data tools. Emerging Markets are the growth engines of the global economy, yet current data analytics systematically disadvantage emerging markets. The Inclusive ESG Framework & Scoring Methodology was developed to level the playing field by removing a key barrier to investment.

The FII Institute and its partners commit to implementing the Inclusive ESG methodology towards an achievement of at least 30% of exposure to Emerging Markets in global sustainability portfolios by 2030. The time is now for building a coalition with investors, companies, NGOs and governments interested in scaling up sustainable investment in emerging markets. Both the World Bank and the UN have recently launched initiatives designed to remove barriers and encourage investment.

To create urgency we are calling for widescale adoption of international sustainability disclosure standards across emerging and developed markets. The roll-out of International Sustainability Standards Board IFRS-1 and IFRS-2 beginning in 2024 are critical next steps. Though voluntary, these standards are consistent with the Inclusive ESG Framework and will help improve data levels.

The Inclusive ESG Coalition will focus on:

- Driving awareness and adoption of the Inclusive ESG Top 250 Ranking and Data Analytics tools.
- Promoting widespread adoption of the new sustainability standards and encourage market participants to report and provide the data the world needs to make better choices.

We look forward to engaging on these areas and other initiatives.