

Better data helps wage war on green-washing

By [Jessica Beard](#) 12 Feb, 2019



As ESG data becomes more readily available and increasingly sophisticated, fund selectors at Sanso Investment Solutions are getting more demanding when it comes to picking funds.

Edmond Schaff, head of portfolio management at the French company, says they expect fund providers to adapt to this environment as almost everyone is now offering SRI products. While ESG takes into account important criteria, SRI goes a step further by actively eliminating or selecting investments according to specific ethical guidelines.

That said, the quality is uneven so Schaff's team tries to avoid 'SRI washing' and wants to see hard data quantifying the ESG impact of the funds it invests in. The team uses four criteria to assess the SRI process of all the funds it invests in.

These include the quality of ESG research, how these findings are integrated into the investment process, how active the portfolio manager is in promoting ESG issues, and the level of transparency and reporting on ESG.

Flexible approach

However, the French group adapts its expectations depending on the asset class it is looking at. 'For instance, we prefer an SRI US high yield fund to focus on engagement and have a less demanding ESG filter given that US companies, especially those belonging to the high yield segment, have less advanced ESG policies than European ones,' Schaff says.

Sanso IS invests in many SRI strategies and stand-out picks include the WHEB Sustainability fund, chosen for its far-reaching and demanding SRI process and its strong risk-return profile.

Recent fund picks include the [Wellington Global Impact](#) and the **DPAM NewGems Sustainable** strategies, he adds. 'We also quite like the [Fundsmith Sustainable Equity](#) fund, a concentrated, high-quality global equity portfolio which ended 2018 in positive territory in euro terms,' he says.

'In the fixed income space the recent launch of the **SKY Harbor - Short Maturity Sustainable High Yield Bond** fund caught our attention given this firm's historical know-how within the asset class and the lack of SRI options in this segment.'

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