

ESG & AFC:

A Convergence?

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Introduction

Historically, ESG and AFC have been pursued separately



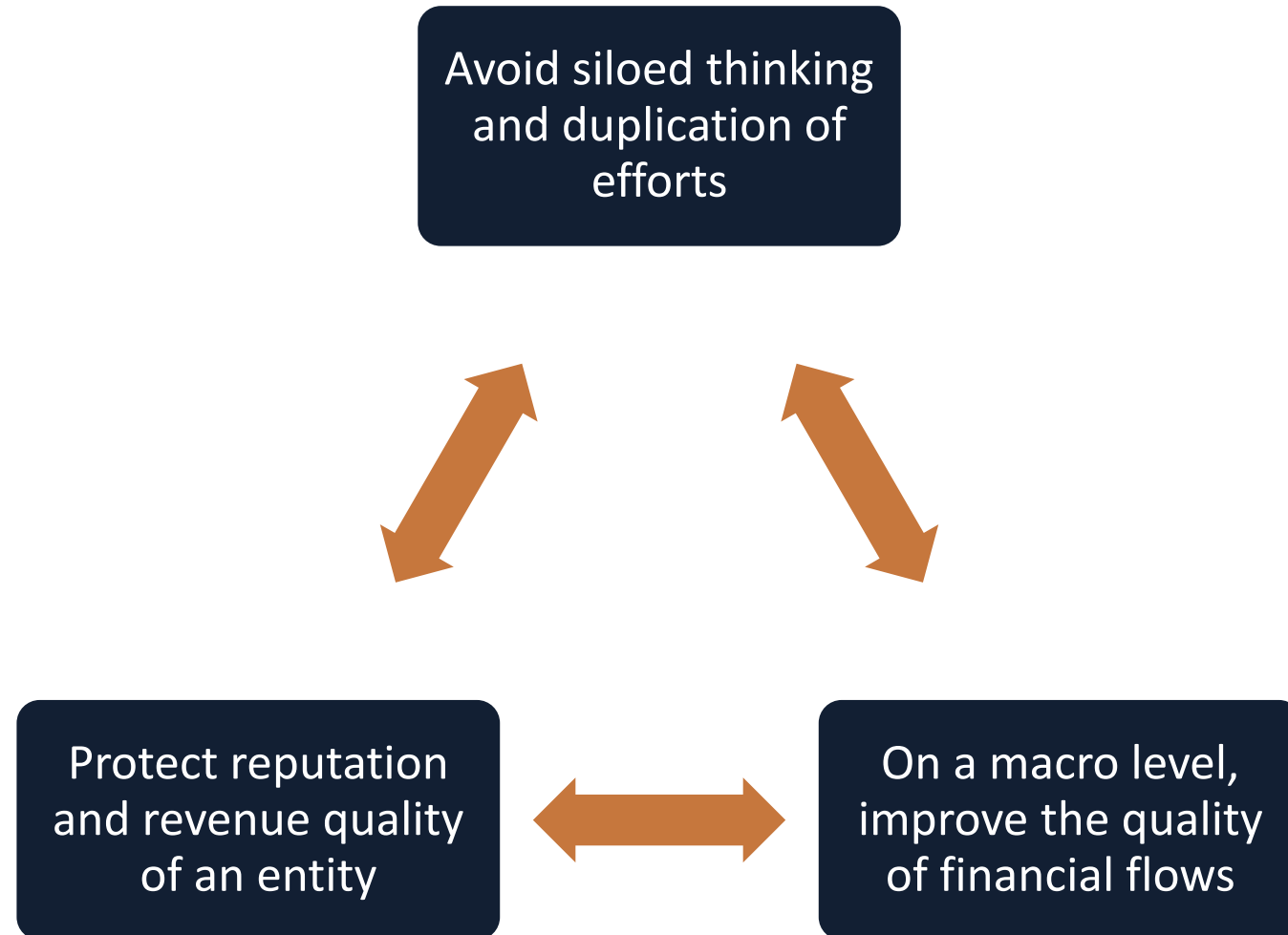
The term 'ESG' is so broad that it spills into other relevant areas, such as AFC



Recent regulatory shifts have led to a convergence of ESG and AFC.



Rationale for Convergence





Integrating ESG into an AFC framework

1. ESG risk ratings should be incorporated into risk appetite statements, CAP and the various risk assessments



2. Customer due diligence reviews and adverse media screening should include ESG triggers to identify any associated risks



3. Policies and procedures should prohibit transactions with persons involved or suspected of involvement in ESG related crimes



Environmental ('E') Aspect

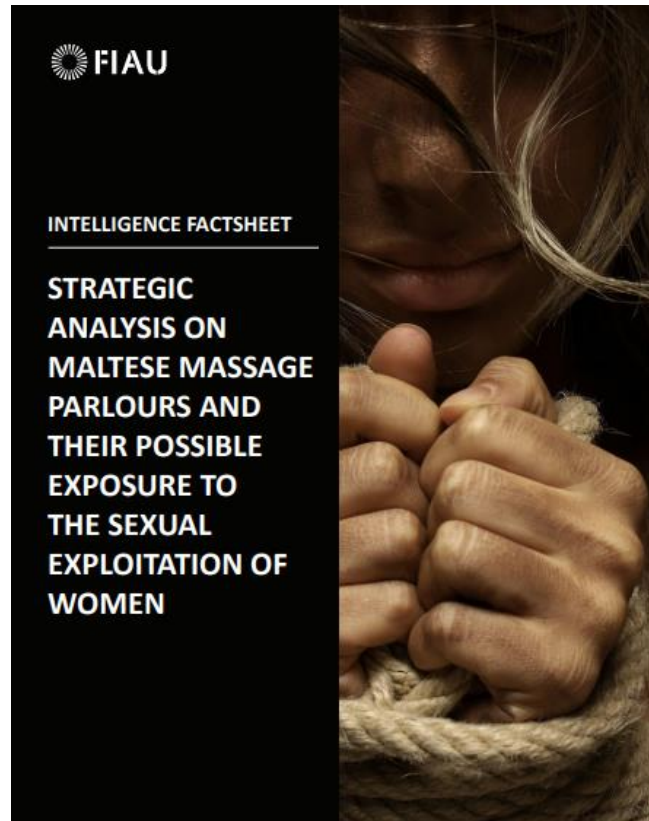
Proceeds from environmental crimes may represent proceeds from ML

Recent FATF publications highlight a shift in focus on environmental-related financial crimes

Intersection of environmental crime with other forms of organised crime



Social ('S') Aspect

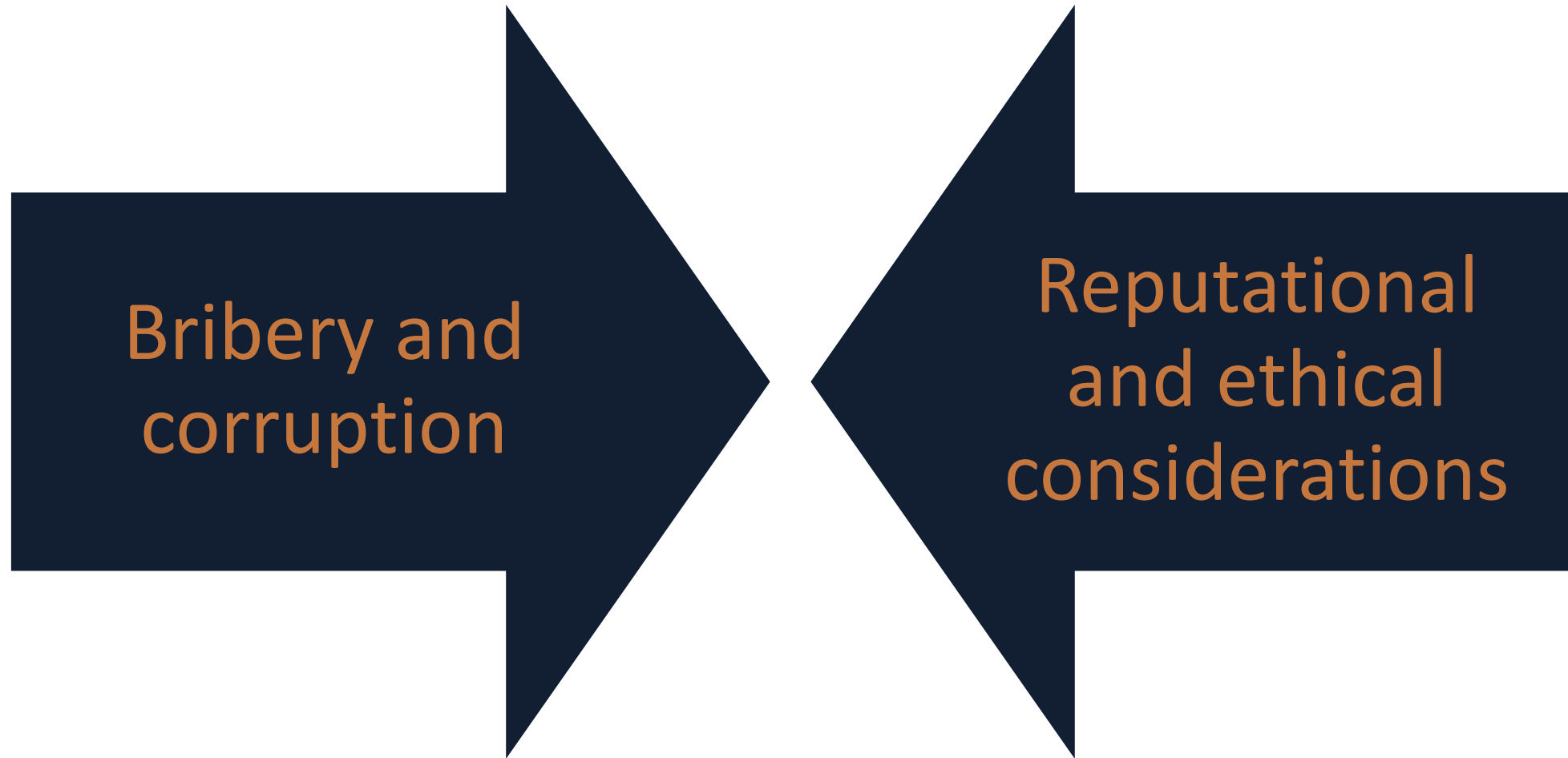


“There are an estimated 49.6 million people in conditions of HT/MS globally, and each year these crimes generate \$150 billion in illicit profits.”





Governance ('G') Aspect





Looking ahead

Regulatory developments are driving the need for financial institutions to align AFC and ESG objectives.



However, collaboration and dialogue among stakeholders are crucial for advancing the integration of ESG and AFC efforts

THANK YOU



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