



- Dr Anushka Bogdanov

NEW AI ESG SUSTAINABILITY RATING TOOL LAUNCHED TO RATE LISTED COMPANIES

SOUTH AFRICA'S first Environmental, Social and Governance (ESG) AI-developed corporate ratings tool has been launched.

Two years in the making, the product ESG GPS has been developed by Johannesburg-based risk management advisory and consultancy boutique Risk Insights.

The online tool rates all companies on the JSE, and provides an ESG rating on a score of 1-4 – four meaning a strong ESG rating.

The tool is aimed principally at asset managers, development-finance institutions, banks and listed companies, all of whom need to augment ongoing valuations and expected losses, particularly in the Covid-19 influenced investment climate.

The model also assists regulators with an ongoing understanding of crucial ESG factors that drive responsible governance and systemic risk. The Risk Insights ESG model was conceptualised and developed by founder and MD Dr Anushka Bogdanov, leading a team of young data scientists.

Bogdanov has 26 years of international risk-management experience, and a PHD in International Financial Management.

Says Bogdanov: 'Our ESG model was built specifically for South Africa, taking into account the unique operating and investing landscape. Our system also runs vital peer assessments, which are constantly needed in specific sectors. We have, unlike other international models, also rated an entire bourse in a single exercise. Given several massive corporate failures over the past decade through serious governance breaches, it's clear that ESG criteria are critically important and need to be taken into consideration in borrowing and investor decisions, in an effort to prevent systemic risk.'

The key advantage of the Risk Insights model is that it takes into account the unique and challenging South African corporate and regulatory operating environment. Notes Bogdanov: 'The ratings are fully transparent, and companies can and should continue working on all sections in the model to improve their ratings. By having an ESG rating, companies and asset managers are able to access sustainable impact funds growing worldwide at an exponential rate.'

Accessing the model is through subscription. Once you are a subscriber, you are given a unique code and password. Access to the information is based on a subscription agreement.

Bogdanov believes the Risk Insights model is ripe for the time. 'The new-generation investor is not just looking at shareholder return, but also stakeholder return. This is reflected in how sustainable impact funds and green bonds have increased in volume and growth around the world.

The ESG GPS product will assist fund managers in accessing these funds. It's now acknowledged that companies that have inclusive and meaningful social strategies – and responsibly include factors like race, gender, age and workable plans to deal with big issues like climate change and societal conflict – will be more successful in the future.'

Bogdanov believes all corporate entities are currently being impacted by these factors, and that valuation and risk will be priced up or down if responsible actions are not taken into account.