



Professional Development Month: week 4
Environmental, Social, and Corporate Governance (ESG) quiz

Question 1: The EU Taxonomy Regulation

The EU Taxonomy Regulation, passed in June 2020, has six environmental objectives. Select **four** of these objectives from the list below;

- a) The sustainable use and protection of water and marine resources
- b) Climate change mitigation
- c) Responsible pension funds
- d) The protection and restoration of biodiversity and ecosystems
- e) Food security and sustainable food systems
- f) Pollution prevention and control

The correct answer is a., b., d., and f.

The Taxonomy Regulation establishes six environmental objectives:

1. *Climate change mitigation*
2. *Climate change adaptation*
3. *The sustainable use and protection of water and marine resources*
4. *The transition to a circular economy*
5. *Pollution prevention and control*
6. *The protection and restoration of biodiversity and ecosystems*

https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

Question 2: FCA ESG strategy

The FCA has five themes which make up its ESG strategy. Select the correct answer.

- a) Transparency, Trust, Tools, Transition and Teams.
- b) Transparency, Regulation, Clients and Supplier, Tools and Trust.
- c) Regulation, Competition, Trust, Tools and Transition.
- d) Transition, Clients and Suppliers, Regulation, Transparency and Tools.
- e) Clients, and Supplier, Transparency, Tools, Transition and Trust.

The correct answer is a) Transparency, Trust, Tools, Transition and Team.

<https://www.fca.org.uk/firms/climate-change-sustainable-finance>

Question 3: EU Taxonomy

Complete the sentence below:

An EU taxonomy is a classification system that enables categorisation of economic activities/sectors that play key roles in climate change ? and ?.

- a) mitigation and adaption
- b) regulations and mitigation
- c) reporting and adaption
- d) mitigation and reporting
- e) reporting and regulation

The correct answer is a) mitigation and adaptation.

<https://home.kpmg/fi/fi/home/Pinnalla/2019/08/eu-sustainable-finance-explained-part-ii-taxonomy.html>

Question 4: Social bonds

Which TWO are not considered 'Social Bonds':

- a) Sustainable management of living natural resources
- b) Affordable basic infrastructure
- c) Affordable housing
- d) Pollution prevention and control
- e) Access to essential services
- f) Employment generation (incl. SME financing and microfinance)

The correct answer is a) sustainable management of living natural resources and d) Pollution prevention and control.

[*HSBC publication 'Social Bonds'*](#)

Question 5: CSDR

Which disclosure regulation is set to replace the CSDR (Corporate Sustainability Reporting Directive) in 2023?

- a) MiFiD II (Markets in Financial Instruments Directive II)
- b) NFDR (Non-Financial Reporting Directive)
- c) TSC (Technical Screening Criteria)
- d) RTS (Regulatory Technical Standards)

The correct answer is b) NFDR (Non-Financial Reporting Directive)

<https://www.unepfi.org/wordpress/wp-content/uploads/2022/02/Practical-Approaches-to-Applying-the-EU-Taxonomy-to-Bank-Lending-2022.pdf>

Question 6: Committee on Climate Change findings

Following key findings published by the *Committee on Climate Change* in May 2019, how many million tonnes of carbon dioxide equivalent is needed to be removed by carbon capture, utilisation and storage, annually in order to meet net-zero?

- a) 85-100
- b) 50-125
- c) 365-400
- d) 160-240
- e) 75-157

The correct answer is e) 75-157

<https://www.ons.gov.uk/economy/environmentalaccounts/articles/netzeroandthedifferentofficialmeasuresoftheuksgreenhousegasemissions/2019-07-24>

Question 7: Mandatory reporting for UK entities

When did or does the UK Companies (Strategic Report) (Climate-related Financial Disclosure) Regulation come into force?

- a) April 2023
- b) April 2022
- c) March 2023
- d) It's not enforced yet.

The correct answer is b) April 2022

<https://www.simmons-simmons.com/en/publications/ckz49qxok1ent0a27fu6c53wd/mandatory-climate-related-financial-disclosures-for-large-companies>