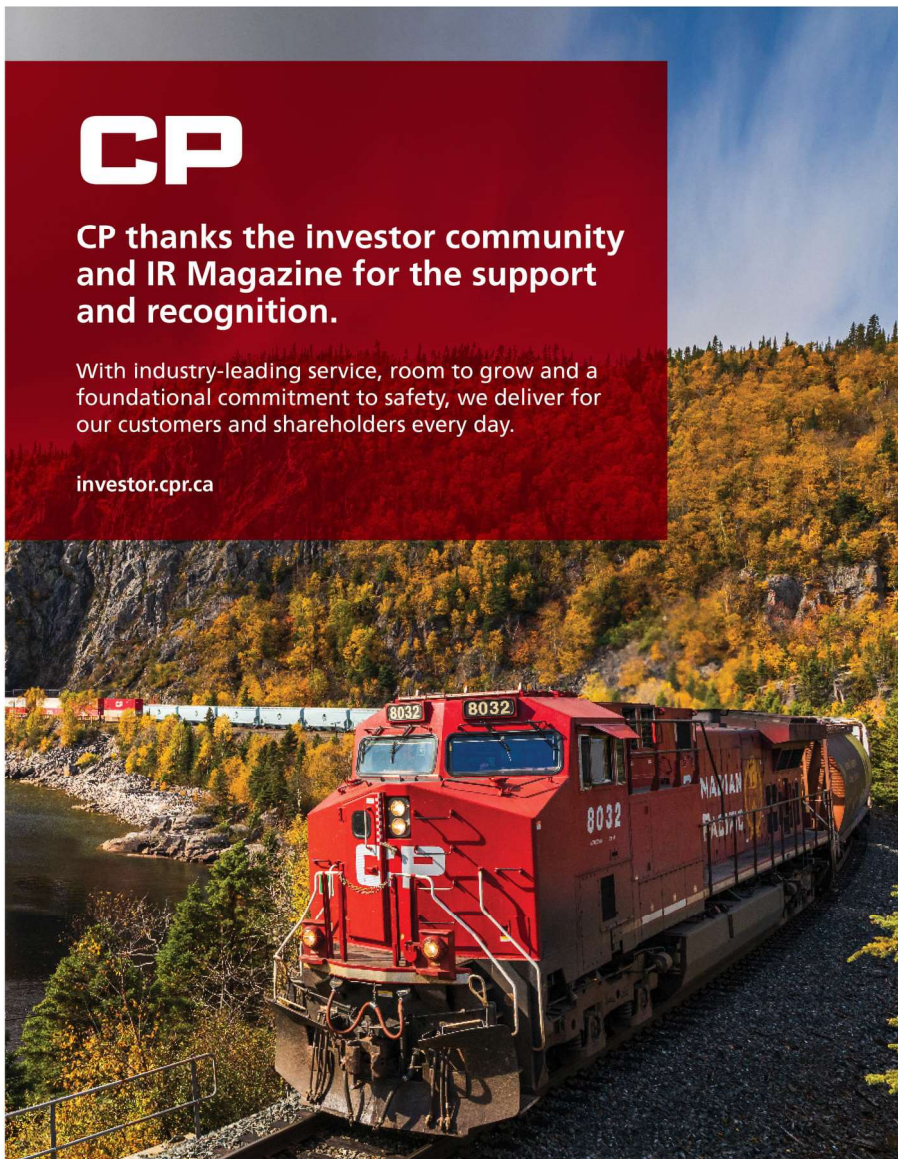




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Education

Letting ESG take its course

Tim Human investigates the options for IROs considering formal training in ESG

Patrick Kiss, head of investor and public relations at Deutsche EuroShop, wasn't planning to take any more exams. 'But life always puts you to the test,' he says. 'So after my driving license, A-levels, university degree and Certified European Financial Analyst exam, I took another exam at the end of last year: the European Federation of Financial Analysts Societies' (EFFAS) Certified ESG Analyst (CESGA) program.'

Kiss is one of a number of IROs who have taken, or are thinking about taking, a formal ESG qualification. It's not hard to see why. The growth of ESG

investing means IR professionals today are expected to talk fluently about how environmental and social issues affect their business. What's more, ESG-related skills are in high demand by employers: a certificate from a well-regarded institution can provide a significant edge in your career.

But selecting the right course is tricky, given the variety of options in the market. IR professionals may also wonder whether they need formal training, given the amount of educational content available online and via industry groups.



Patrick Kiss, Deutsche EuroShop

Foundational knowledge

Kiss says he signed up for the program because ESG continues to gain importance for IR. 'I have seen various presentations, webinars and best practice examples, but I never had the feeling I had fully grasped the basics,' he explains. 'That's why I wanted a well-rounded education course tailored to capital-market participants.'

IROs looking for an ESG course from a prominent institution will likely consider two main options: CFA Institute's ESG Investing Certificate (ESGIC) and the EFFAS CESGA. Both deliver their courses online, suggest around 100 hours of study and do not require any existing qualifications, although some knowledge of the investment process is advised.

The CESGA has more of a European focus – although both take a look at ESG developments globally – and costs more at about €1,500 (\$1,650), compared with \$795 for the ESG Investing Certificate. EFFAS says more than 4,000 people now hold the CESGA, while CFA Institute says 33,000 have registered for its course.

'Of all the training providers out there, the ESGIC seems to be the most popular among our clients, followed by the CESGA,' says Miguel Santistevé, founder and CEO at Leaders Arena, a

consultancy. 'We have been following the SASB certifications in the past, too. The upcoming merger of various reporting frameworks into the new International Sustainability Standards Board (ISSB) framework could bring these certifications back on the radar.'

Kiss says when he was deciding which course to choose, the ESG Investing Certificate and CESGA stood out as the obvious options. So how did he pick between the two?

'As I had already completed the investment analyst training with the DVFA [the Society of Investment Professionals in Germany, which is a member of EFFAS] more than 20 years ago, my choice fell on the CESGA. I also think very highly of the program director, Prof Alexander Bassen, whom I have known for many years. In addition, I had asked DVFA board member Christoph Schlienkamp, who used to be an analyst and is now active

as an investor, if he could recommend the training to me as a representative of the IR guild.'

Would Kiss recommend his course to other IROs? 'Generally: yes,' he says. 'It is a very sound training course that provides a good introduction to the subject. Of course, it depends on the prior knowledge of each individual.'



Miguel Santistevé, Leaders Arena

‘For issuer representatives, only a small part is of practical relevance, but it is certainly important to understand the aspects that IR target groups, especially investors, have to consider when dealing with ESG. And the fact that more than 4,000 people worldwide have already completed the program speaks for itself.’



Richard Fernand, CFA Institute

Broad interest

While the ESGIC was primarily created for portfolio managers and analysts, it quickly became apparent there was a broader base of people interested in taking it, explains Richard Fernand, head of certificate management at CFA Institute. Some of those people work in the investment industry in other roles, such as marketing or product management, he says. Others are at issuers where people increasingly need to understand ESG terminology and where it comes from.

‘The other thing is that... people who can prove ESG-related skills are getting a significant bump in compensation,’ says Fernand, noting there is ‘still very much a skills shortage when it comes to ESG. On top of that, there’s also a genuine interest in this. The younger generation wants purpose in work. And learning about ESG is another way of starting to understand and apply purposeful work.’

The number of registrants for the ESGIC who recorded their profession as IR is 157, according to CFA Institute data. But the actual figure is likely to be higher, says Fernand, as ‘IR’ is not included in the list of options on the registration form.

How does the syllabus stay relevant amid all the developments in the ESG space? ‘We update regularly,’ says Fernand. Recent additions include new information on double-materiality, ESG audits and the ISSB. Studying the principles of ESG and prior approaches means you are ‘very well placed to deal with change when it comes,’ he adds.

Debbie Nathan, founder and managing director at Debbie Nathan Associates, a recruitment consultant specializing in investor relations and communications, says she is seeing more IR candidates with formal ESG qualifications. In her experience, however, clients ‘view this as more of



Debbie Nathan, Debbie Nathan Associates

an affirmation of one’s experience in the field rather than a prerequisite for IR roles. I am yet to see the qualification be the sole reason for choosing one candidate over another, like I see with Associate Chartered Accountant/Chartered Institute of Management Accountants-type financial qualifications.’



Matt Bruschi, NIRI

Nathan says that, at the moment, with strong competition for IR roles, other skills such as numeracy, communications and analytical ability are further up the priority list for an open position.

‘In the case of hybrid IR and ESG roles, however, the value of formal ESG qualifications can be more prominent,’ she notes. ‘Additionally, I would

“ Education can certainly get you up to speed, but it can’t do everything ”

encourage candidates to pursue an ESG course if they wanted to expand their skillset for future development. It is possible in five to 10 years that an ESG qualification for an IR role will be key; we just aren’t there yet.’

Ongoing education

Beyond the best-known courses, IR professionals have many other options to expand their knowledge on ESG issues. Investor relations associations, for example, have added increasing amounts of ESG content to their events and publications.

‘We’ve seen a pronounced increase in ESG as an additional responsibility for IROs in a relatively short time,’ says Matthew Bruschi, president and CEO at

NIRI. He adds that this has led to a parallel rise in demand for education: ‘The growth in interest in the topic is perhaps best reflected in the number of sessions that include ESG in some way at the NIRI Annual Conference, and the positive reaction by attendees to that.’

Kay Bommer, CEO of DIRK, says the German IR association has added ESG content to its events line-up and IR certification course, known as CIRO. For those who want to take their education further, DIRK refers them to a course on sustainable finance run by the European Business School (EBS). That course was selected because the EBS ‘was the only one looking at it from the issuer side’ and a ‘small part’ is on investor relations, says Bommer.

Free or low-cost training is also available via massive open online course providers. Coursera, one of the biggest platforms, hosts a number of ESG-themed programs, including a



Kay Bommer, DIRK

“ I would encourage candidates to pursue an ESG course if they wanted to expand their skillset for future development ”

course on ESG risks and opportunities from the University of Pennsylvania with more than 12,000 registrants. Many classes are free to attend but users may need to pay a fee to access exams or a certificate of completion.

Sustainability focus

While ESG training holds a particular relevance for IROs, some may be more interested in sustainability-related courses covering finance or business management. The right course for IROs

would depend ‘on people’s learning needs,’ says Thomas Vergunst, program director for finance sector education at Cambridge Institute for Sustainability Leadership (CISL), which runs short online courses as well as bespoke programs for business leaders.

They might want to know what ‘good’ looks like for a certain sector, Vergunst explains, or how expectations about sustainability may evolve in the next five years. He adds that a forthcoming

course, focused on ESG disclosure and risk management, may be of particular interest to IR professionals.

Carrying a sizable fee of £2,200 (\$2,760), CISL’s eight-week courses are a considerable investment, especially given the range of free or cheap options in the market. But Vergunst says CISL courses tend to be longer than the free alternatives, offer more in-depth teaching and include access to a dedicated tutor. The training is also meant to be ‘applied’, he points out.

‘You come up with a plan for your organization,’ he says. ‘Your assignment each week builds up to that and gets marked by a tutor. And it also creates quite a good network of people because you work concurrently with the whole cohort over the eight weeks.’

While Vergunst understandably talks up the benefits of training, he also acknowledges its limitations for IR

professionals who want to upskill in ESG or sustainability. ‘Education can certainly get you up to speed, but it can’t do everything,’ he says. ‘It’s part of a journey that needs to be packaged with other things. [You need to do things] that mean you are learning on the job. That’s just the reality, because everything is moving so quickly.’



Thomas Vergunst, Cambridge Institute for Sustainability Leadership