



What's ahead for Responsible Investment in 2024?

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Responsible Investment team

RBC BlueBay
Asset Management

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“In December, RBC Global Asset Management (RBC GAM) joined over 400 other organizations in supporting the adoption² of the ISSB’s global climate disclosure standard.”

The responsible investment themes that we expect to play out in the months and year ahead will take place against the backdrop of an economic slowdown, geopolitical risks, moderating inflation, and upcoming elections in multiple jurisdictions.

This adds complexity and uncertainty for issuers and investors at a time of increasing regulatory requirements and expectations related to environmental, social, and governance (ESG) factors.

Regulatory momentum continues to grow

Regulators across Europe, the U.K., U.S., and Canada will continue to look for enhanced sustainability and climate disclosures from issuers and asset managers, with a focus on both corporate and fund disclosures. In Europe, the first companies in scope of the Corporate Sustainability Reporting Directive (CSRD) will begin reporting this year, with delays in some requirements announced in January¹. The push for disclosure consistency will continue to be front of mind, as jurisdictions such as Canada and the U.K. consider implementation of the new global standards of the International Sustainability Standards Board (ISSB).

In December, RBC Global Asset Management (RBC GAM) joined over 400 other organizations in supporting the adoption² of the ISSB’s global climate disclosure standard. In the U.S., the Securities Exchange Commissions (SEC) is expected to finalize its much-anticipated climate disclosure rule by spring 2024. While the SEC rule is expected to face challenges, as we head into 2024 the direction of travel is clear – more ESG and climate disclosure is on the horizon.

Artificial intelligence (AI) will reshape the world, but into what?

Last year was marked by the wonder of ChatGPT and other open-source generative AI models. This was met with equal parts enthusiasm and trepidation, especially for workers who led AI-related labour rights negotiations³. In the year ahead, the ability of AI to disrupt and transform will be top of mind. Excitement will be tempered by concerns of deepfakes (see a recent deepfake⁴ intended to influence U.S. primaries), the use of personal information and privacy violations, and cybersecurity risks.

¹ [Reuters, EU lawmakers back delay to sector-specific ESG corporate disclosures to 2026, last updated Jan 2024.](#)

² [IFRS, ISSB at COP28: close to 400 organisations from 64 jurisdictions, including associations gathering over 10,000 member companies and investors, last updated Dec 2023.](#)

³ [UC Berkley Labor Center, Negotiating Workers' Rights at the Frontier of Digital Workplace Technologies in 2023, last updated Dec 2023.](#)

⁴ [TIME, Biden Audio Deepfake Alarms Experts in Lead-Up to Elections, last updated Jan 2024.](#)

Discussions on AI dominated at the recent World Economic Forum in Davos ([hear from John Stackhouse from RBC Thought Leadership](#)), and are expected to continue throughout 2024. For investors, this raises questions about the implications for advanced versus developing economies⁵, impact on labour markets, new or expanded regulation, and ability to manage privacy and cybersecurity risks.

Social issues continue to be top of mind

We expect to see a continuation of last year's focus on issues such as labour rights, inequality, privacy, affordability, and modern slavery in supply chains. Some of this is driven by regulations, such as Canada's Modern Slavery legislation⁶ that came into effect in January, and the EU Corporate Sustainability Due Diligence Directive (CSDDD)⁷, which is expected to be passed into law in 2024. Workers' rights and union negotiations will loom large across industries and on ballots, with concerns regarding the cost of living, inequality, and affordability shaping political discussions in key elections.

The energy transition is under way. Its speed and path remain to be seen

Most major economies have now set net-zero targets, with many passed into law, including in Canada, the U.S., U.K., and the many E.U. countries (see Net Zero Tracker⁸). Countries and companies have made significant commitments to advance renewable and low-carbon energy, increase energy efficiency, minimize emissions, and mobilize financing (see our [Reflections on the COP28 Climate Change Conference](#)). Despite this progress and the passing of significant climate legislation, such as the U.S. Inflation Reduction Act, the world is not yet on track to meet the Paris Agreement (discussed in our [Expectations for COP28](#)). So, while the energy transition is underway, it is happening against a backdrop of tough economic conditions, political uncertainty, trade tensions, and geopolitical risk. This won't stop the energy transition, but it may change the speed and direction it takes in the year ahead.



Nature emerges as a global risk

In the recent World Economic Forum's Global Risks Report 2024⁹, nature-related risks took the top four positions as the greatest risks by severity that the world will face over the next ten years. We know that climate change and nature are interconnected issues (see our [Biodiversity and Climate Change article](#)), and efforts to measure and manage these continue apace. A new disclosure framework for nature (called the TNFD) was launched last year, and over 300 organizations have committed to publish¹⁰ TNFD disclosure. You can read more about RBC GAM's perspective on nature-related risks in our annual [climate report](#).

⁵ [International Monetary fund, Gen-AI: Artificial intelligence and the Future of Work, last updated Jan 2024.](#)

⁶ [McCarthy tetraault, Long-Awaited Guidance Released on Canada's New Modern Slavery Legislation and its Reporting Requirements, last updated Dec 2023.](#)

⁷ [DLA Piper, Landmark human rights due diligence legislation agreed in EU, last updated Dec 2023.](#)

⁸ [Net Zero Tracker, Data Explorer.](#)

⁹ [World Economic Forum, Global Risk Report 2024, last updated Jan 2024.](#)

¹⁰ [Responsible investor, Bank of America and NBIM among 'early adopters' of TNFD, last updated Jan 2024.](#)

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