# New report highlights the importance of ESG criteria in safeguarding financial stability

Policy-makers and financiers seeking to bring equilibrium back to the markets should heed the thinking of financial sustainability advocates to stay clear of creeping environmental, social, and governance risks, according to a joint report by the UNEP Finance Initiative, the International Institute for Sustainable Development, and the Blended Capital Group.

The report, Lenses and Clocks: Financial stability and systemic risks, argues that post-financial crisis efforts to shield the economy from volatility must be extended to include emerging sources of instability in the environmental, social, and governance realms if markets are to achieve robust growth and create wealth for all.

The report contends that the imperative of detecting long-term financial risks – a lesson of the recent financial crisis – requires a heightened perception for unconventional, long-term risk.

Such long-term but steadily growing risks include climate change, resource depletion, social upheaval, and other risks stemming from environmental, social, and governance phenomena – all of which are seldom identified and assessed by financial analysts, and therefore too rarely managed by financial institutions.

“Understanding these threats will inform the choices we make to benefit from the opportunities ahead of us and, in doing so, improve life of billions of our fellow human beings, rebuild the planet’s natural capital and foster markets based on fairness and equality,” said the Rt. Hon. Gordon Brown MP, whose recent counsel on financial stability and sustainability to the UN Secretary General’s High Level Panel on Global Sustainability informed the report.

The report is available to download here

(Source: UNEP Finance Initiative)

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