



UNDER EMBARGO UNTIL TUESDAY 5 OCTOBER 2021- 7:00am BST

OPEN PROTOCOL EXPANDS TO ESG AND DIGITAL ASSETS

The Co-Chairs of Open Protocol, Albourne and the Standards Board for Alternative Investments (“SBAI”) are excited to announce the 2021 Open Protocol update. The update includes a module for potential ESG risk exposure and a new tab for Digital Assets reporting. Launched in August 2011, Open Protocol is a free and publicly available exposure and risk reporting framework for Alternative Investment Funds.

Open Protocol is taking the lead in addressing the increase in investor demand for consistent and comparable data by expanding its risk reporting framework into ESG and Digital Assets. The new ESG module helps enable investors to better understand the potential ESG profile of their portfolio as a starting point for further discussion with investment managers. The new tab for Digital Assets allows investors to assess their exposure to different types of digital assets and changes in allocation over time. The data can be aggregated across funds, thereby providing investors with an overall understanding of exposure.

“At the SBAI, our mission is to improve industry outcomes by promoting responsible practice, partnership, and knowledge. Key to this is making the industry more transparent and efficient. We are excited to expand the Open Protocol framework in the important areas of ESG and crypto risk reporting to facilitate better investment decision making by institutional investors,” says Thomas Deinet, Executive Director of the SBAI.

The changes to the Open Protocol framework were developed in consultation with the Open Protocol Working Group, the SBAI Responsible Investment Working Group and other parties with interest in Open Protocol and Digital Assets.

“After over a decade of providing a consistent framework to enable investors in alternatives to compare ‘apples to apples’ – we are delighted to be taking risk transparency to the next level. Both ESG and Digital Assets hold their own challenges when it comes to consistency and transparency. By incorporating them into an established framework with reporting managers representing over \$2.37trn of AUM¹, we are starting the journey in pushing the boundaries on ESG and Digital Asset Reporting,” says Gaurav Amin, Albourne’s Head of Fintech and Implementation.

The new Open Protocol template can now be accessed in [SBAI’s Toolbox](#), alongside the updated Open Protocol manual and a document highlighting all 2021 changes. Funds are expected to switch to the 2021 Open Protocol template after a 6-month implementation period.

¹ Reporting to Albourne, figures as of August 2021

1) Environment, Social & Governance

ESG data at the company level lacks a globally recognized standard and as a result is often fragmented and inconsistent, with data providers often arriving at different ESG scores for the same issuers. This complicates the assessment of ESG risk for investors who are seeking to appraise and aggregate risk across portfolios of funds and strategies.

The ESG module in Open Protocol helps address this challenge by drawing upon existing sector exposure data within the Open Protocol framework such as equity, credit, convertible bonds, sovereign and interest rate exposure, real assets and commodities. The data is not intended to be a definitive picture of the ESG risks in a fund, but rather aims to provide the first step in an investor's journey to understanding the potential ESG profile of their portfolio, facilitating further analysis and discussions with asset managers.

2) Digital Assets

Digital assets are becoming an increasingly larger part of the alternatives industry, but traditional risk reporting does not usually capture these exposures and related risks.

The new Digital Assets tab of the Open Protocol report helps investors understand their exposure to different types of digital assets (for instance, cryptocurrencies versus stablecoins), instrument types, liquidity, etc., and changes in exposure over time.

To find out more about the 2021 Open Protocol update please visit

<https://www.sbai.org/toolbox/open-protocol-op-risk-reporting>.

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Notes for Editors:

About Open Protocol:

The Open Protocol is a non-proprietary standard risk reporting framework. It enables investors to aggregate risk information about their fund investments to help improve overall portfolio risk management. The Open Protocol (OP) and Insurance Open Protocol (IOP) templates provide a uniform framework with consistent data inputs, standard calculation methodologies and regular and timely reporting. Where available, OP and IOP use commonly accepted standards and protocols. Aggregated Open Protocol data can also facilitate analyses of potential systemic risk concerns by regulators. More information, including the template, is available here: <https://www.sbai.org/toolbox/open-protocol-op-risk-reporting>.

About SBAI

- At the SBAI, we are an active alliance of managers and investors dedicated to advancing responsible practices, partnership, and knowledge in the alternatives industry. At our core is a community that is committed to knowledge sharing, informed dialogue, and innovation. We set clear standards and actively promote responsible practice to normalize quality and fairness. Together, our community of allocators and managers create real world solutions – in short, we solve for better.

- Our SBAI Alternative Investment Standards are supported by more than 140 alternative investment managers with over \$1 trillion in alternative assets under management and by more than 90 major institutional investors, overseeing \$4 trillion in assets.
- More information about our work can be found at www.sbai.org.
- **For media and technical enquiries:** info@sbai.org

About Albourne

- Albourne is an independent non-discretionary investment consultant founded in 1994. The firm has over 300 clients², which collectively, have over \$600bn³ invested in alternatives. Albourne's clients include institutional investors, financial intermediaries and family offices.
- Albourne advises clients on their alternative investments across the liquidity spectrum, specializing in Hedge Fund, Private Equity, Private Credit, Real Assets, Real Estate and Dynamic Beta.
- Albourne's goal is to empower our clients to be the best investors they can be by providing Portfolio Advice, Research (Investment, Operational and Quantitative Due Diligence), Fintech (Data and Tools) and Implementation (Middle Office, Back Office, Fees & Liquidity) services. Albourne seeks to minimize potential conflicts of interest by only providing non-discretionary advice on a fixed-fee basis.
- Albourne has over 100 Partners and over 500 employees in total across North America, Europe and Asia. Albourne is 100% owned by current employees, two retired employees and the Albourne Employee Benefit Trust.
- For more information, please see our website: www.albourne.com
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² The aggregate number of client entities for the Albourne Group worldwide. Clients may be subscribed to multiple services. All numbers are as of 1 July 2021.

³ This is a conservative aggregation of the estimated investments in alternatives (where known) of Albourne Group clients worldwide, using public sources where possible.