

ESG ACCORD

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Newsletter 5th October 2021

Hello from ESG Accord

What's new with us?

Our latest Compliance Framework update has now been issued! The update ensures our framework spans client preferences across ALL funds - the whole investment space - as a spectrum.

The update includes a new Compliance Guide and Regulations Overview - if you'd like a copy emailed please let us know.

Head over to IFA Magazine for our second article - Sustainable Finance: It's a compliance thing (it's not just about ESG)

<https://ifamagazine.com/article/ifam-102-building-a-better-world-october-2021/>

Starting our news updates with a quote for you all from TNFD Co-Chair David Craig, speaking at CNBC last week;

"We simply can't be net zero unless we ensure that we are nature positive, because many of the solutions to climate are nature-based, [Climate and nature] two things are two sides of the same coin, and we have to pull those together in a simple framework, and that's what [TNFD] is planning to do over the next two years."

The interview highlights the necessity of integrating nature into the discussions at COP26, and the importance of the negotiations for a global biodiversity framework taking place at COP15 for biodiversity. The TNFD Co-Chair Elizabeth Mrema is leading COP15 this month in Kunming, China.

<https://www.cnbc.com/video/2021/09/30/we-cant-be-net-zero-unless-we-are-nature-positive-tnfd-co-chair.html>

https://www.linkedin.com/posts/taskforce-on-nature-related-financial-disclosures-tnfd_we-cant-be-net-zero-unless-we-are-nature-activity-6850734354994384896-OWB4

Global businesses and financial firms join TNFD to tackle nature-related risks

TNFD Announces Taskforce Members and Launch of Consultative Forum, Leveraging Global Nature and Finance Expertise

Taskforce Members will work with TNFD Co-Chairs to deliver the Framework in the next two years

- 30 senior executives from financial institutions, corporates and service providers have been appointed as Taskforce Members to drive work on the TNFD framework
- More than 100 institutions have signed up to provide support to the Taskforce by joining the TNFD Forum, a consultative grouping of institutional supporters, making available their global, cross-sector expertise when required
- Taskforce Members to form five Working Groups to drive forward preparation of a beta framework to be launched in early 2022

<https://tnfd.global/news/tnfd-membership-and-forum-announcement/>

<https://www.investmentweek.co.uk/news/4038089/blackrock-hsbc-ubs-execs-nature-disclosures>

Broad overview of net zero, carbon markets, pricing, removal via geosphere or biosphere issues etc

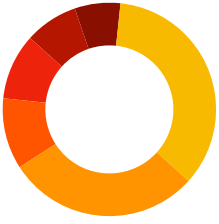
Microsoft's million tonne CO2 removal purchase - lessons for net zero.

Strengthen markets, measures and definitions for removing carbon dioxide from the atmosphere to fight climate change

https://www.nature.com/articles/d41586-021-02606-3?error=cookies_not_supported&code=87698d23-8fce-4ec1-90e2-d845b10f532d

This publication is intended merely to highlight issues, it is not meant to be comprehensive, nor is it regulatory advice. Should you have any questions on issues raised here or on other areas of ESG or Sustainability, please contact us admin@esgaccord.co.uk

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The end of Europe's biggest coal plant

The Polish General Director of Environmental Protection has cancelled the environmental permit for the Żłoczew coal mine in Poland, after legal action by ClientEarth, Frank Bold and Greenpeace

https://www.clientearth.org/latest/latest-updates/news/challenging-poland-s-flagship-coal-plant/?utm_source=linkedin&utm_medium=social

Opinion piece Robert G Eccles - A Critique Of Tariq Fancy's Critique Of ESG Investing: An Interview With Clara Miller

<https://www-forbes-com.cdn.ampproject.org/c/s/www.forbes.com/sites/bobeccles/2021/10/01/a-critique-of-tariq-fancys-critique-of-esg-investing-an-interview-with-clara-miller/amp/>

October 1st means phasing in of key changes under the Pension Schemes Act 2021 (PSA21).

Trustees have a fiduciary duty to actively consider climate change as a likely financially material risk. Schemes which are out of scope with this round of phasing in should consider to voluntarily adopt some or all of the requirements as a matter of good governance.

Earlier this year the DWP published draft regulations and statutory guidance on improving climate change risk governance and reporting (TCFD recommendations)

- schemes have to produce and publish & report how they meet relevant climate change governance requirements and inform members
- ensure they're able to understand the outputs of activities (scenario analysis, calculating emissions-based metrics) and incorporate them into their new climate change risk management processes, trustees of schemes must have the appropriate degree of knowledge and understanding.

Phasing in:

Master trusts and schemes with net assets (excluding bulk and individual annuity contracts) of £5 billion or more must comply from 1 October 2021

Schemes of £1 billion or more are from 1 October 2022, with action as soon as possible.

<https://www.sackers.com/publication/key-changes-in-force-from-1-october/>

A must read!

The Investment Association / Eversheds Sutherland Guidance on the FCA Guiding Principles on ESG & Sustainable Investment Funds Sep 2021

<https://www.theia.org/sites/default/files/2021-09/IA%20Eversheds%20Sutherland%20Guidance%20on%20FCA%20Guiding%20principles%20on%20ESG%20sustainable%20fund%20design%2C%20delivery%2C%20disclosure%2020210920.pdf>

Deep Dive: Identify genuine commitment to ESG
Look beyond fund name and holdings

Kate Elliot is head of research at Rathbone Greenbank Investments

<https://www.investmentweek.co.uk/feature/4037583/deep-dive-identify-genuine-commitment-esg>

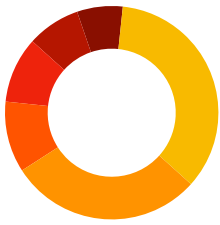
Three Principles For ESG Investing From The U.K. Financial Conduct Authority

Article by Robert Eccles (Visiting Professor of Management Practice, Saïd Business School, University of Oxford) on principles for ESG investing drawing the link between the 'seven principles for ESG investing' that he developed with Desiree Fixler, and the FCA 'guiding principles for the design, delivery and disclosure of ESG/sustainable investment funds'

<https://www.forbes.com/sites/bobeccles/2021/09/29/three-principles-for-esg-investing-from-the-uk-financial-conduct-authority/?sh=692085285643>

Another comment on the importance of G, investors will want to make sure they know what they mean when they no to ESG

<https://www.investmentweek.co.uk/feature/4037587/deep-dive-investors-consider-governance-risk>



UK retirement schemes urged to 'shift focus' from low charges. BoE, Treasury and regulators say investments in long term assets 'overlooked'

The Productive Finance Working Group, formed 2020, with a purpose to reroute £500bn of DC assets which are seen as crucial to the success of the UK economy. The report says the 0.75% charge cap (brought in by the DWP) potentially deters schemes from investing in long term assets like private equity and venture capital who usually manage (so called illiquid assets) such as infrastructure. The report recommends a shift from cost to long term value and recommends proactive communication between DWP and TPR to encourage the DC schemes.

<https://www.ft.com/content/1ab4c268-ac84-4980-b3f7-ac50aa01bcea?segmentId=6faa8072-922c-4fbf-5b33-45a1342b0cc3>

Interesting view reinforcing the point that saying No to ESG means saying no to the G. The G is a separate thing, so NO to ESG is a BIG mistake.

https://www.investmentweek.co.uk/feature/4037554/deep-dive-neglect-esg?utm_medium=email&utm_content=%0A%20%20%20%20%20%20%20%20Deep%20Dive%3A%20Do%20not%20neglect%20the%20G%20in%20ESG%0A%20%20%20%20%20%20%20&utm_campaign=IW%20Daily&utm_source=IW%20New%20News-letters&utm_term=ESG%20ACCORD%20LTD&uid=b736e7645fc9bae9b3ff2af50d41c5f1

FCA Speech: A regulatory perspective: measuring and assessing culture, now and in the future, the role of purpose and the importance of D&I

Speech by Sheldon Mills, Executive Director, Consumers and Competition, delivered at the Investment Association

Includes a section on climate change; "Action on climate change cannot wait. The investment management sector is absolutely critical in forging this change."

Highlights

- Culture remains central to how we supervise the firms we regulate. The importance of an authentic, embedded purpose, visible leadership and an inclusive environment where staff feel safe to speak up is paramount.
- Hybrid working brings opportunities and challenges. Firms need to find approaches that give due regard to safeguarding their purpose and values, the well-being of staff and effective oversight.
- Diversity and Inclusion is an aspect of culture where the investment management sector has considerable ground to make up. We welcome the initiatives led by the IA but lasting change will only come from firms looking at their own culture and taking action.
- Firms in the investment management sector have a huge sphere of influence on ESG, both to improve their own ESG performance and to drive positive change through their investments. We look to firms in the sector to be effective stewards.

<https://www.fca.org.uk/news/speeches/regulatory-perspective-measuring-assessing-culture-diversity-inclusion>

The Women in Safe Homes fund – believed to be the world's first gender-lens social impact investment property fund – launched in December 2020 . This is just the beginning for the fund which raised £15.5m from four seed investors: Big Society Capital, MacArthur Foundation, Keith Breslauer (Patron Capital managing partner) and Lostand Foundation. At the end of April 2021, the fund size increased to above £20 million following investment from new investors.

https://ifamagazine.com/article/women-in-safe-homes-fund-invests-in-its-first-properties-for-vulnerable-women/?no_cache=1632484034

The risks of doing away with EU law - Legal experts warn UK move could have unintended consequences

<https://on.ft.com/3EKQCsH>

We'd love to hear from you! Please get in touch via admin@esgaccord.co.uk if you have any topics or questions you'd like covered in our newsletter.
