



ESG ACCORD

●●● YOUR COMPLIANCE, ESG & SUSTAINABILITY IN ACCORD

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Newsletter August 2022

Hello from ESG Accord

Our top news for this newsletter happened at the end of July: The UN General Assembly declared access to clean and healthy environment a universal human right. <https://news.un.org/en/story/2022/07/1123482>

The vote was 161 in favour with 8 abstentions. The text, now co-sponsored by over 100 countries, notes “that the right to a healthy environment is related to existing international law and affirms that its promotion requires the full implementation of multilateral environmental agreements...it also recognises that the impact of climate change, the unsustainable management and use of natural resources, the pollution of air, land and water, the unsound management of chemicals and waste, and the resulting loss in biodiversity interfere with the enjoyment of this right - and that environmental damage has negative implications, both direct and indirect, for the effective enjoyment of all human rights.” Mr. David Boyd, UN Special Rapporteur on Human Rights and the Environment, said “the Assembly’s decision will change the very nature of international human rights law.”

Updates from us:

Exam pass! Elly has emerged on the other side of 6 intense months study and now holds the **CFA UK Certificate in Climate and Investing**. Elly “recommends this exam to all in the industry. Education about the risks and opportunities of applying a climate change view point to investment decision making is invaluable for the change we need to support sustainability and meet client needs.”
https://www.linkedin.com/posts/elly-dowding_cfa-climate-investing-investinyourfuture-activity-6964852994936872960-EdPg

Compliance Framework update:

We are working hard behind the scenes on the next update to our ESG & Sustainable compliance framework. We are in a fast moving space; the updated framework will be Consumer Duty and FCA Fund Labels ready, it will cover the full spectrum of values and outcomes for ESG & Sustainability. It is our aim to continue to deliver ESG & Sustainable compliance processes built to be the most comprehensive in the market today!

Tax Efficient Vehicles Report update - Sponsors now in place:

Blackfinch
British Robotics
Calculus Capital
Committed Capital
GrowthInvest
Haatch
Regenerate Ventures
Sapphire
Stellar
Vala Capital

The report will include VCTs, SEIS, EIS and IHT/BR Portfolios and will be a searchable database (similar to the MPS Report). It will be free for Advisers to access because of the generous support of our sponsors who share our ethos for transparency and raising market participation.

MPS Report Hub:

We need you! Well, your feedback please!

Our MPS database has been live for nearly 6 months and we strive to make it accessible and highly useful for Advisers. We will shortly be sending a survey to Advisers using the MPS database. We hope that you will all take part 😊.

The 'Report' is a large online database that is searchable and based on all of the questions in our Due Diligence Questionnaire. Once you have access it will be possible to;

- View and compare over 30 fully completed MPS DDQs
- It contains over 45 MPS providers and shows the answers to over 70 ESG & Sustainable questions
- The Due Diligence Questions span across 8 headings which cover the full ESG & Sustainable spectrum
- The report has been designed for functionality and it helps advisers match the most appropriate MPS to each client’s ESG & Sustainability objectives and preferences

If you haven’t registered for access yet please do so from here: <https://esgaccord.co.uk/esg-sustainable-mps-report/>
Or email us on admin@esgaccord.co.uk

MPS Report Hub. News from some of the report participants:

Aviva:

Will the Government's Greening Finance Strategy make far reaching "sustainable" change to Retail Wealth advice?

Does the looming energy crisis and race for Downing Street mean the Government's well intended Greening Finance Strategy has been blown off course, or will we see a "sustainable" change to Retail Wealth advice?

<https://connect.avivab2b.co.uk/adviser/articles/news/platform-and-investments/Will-the-Greening-Finance-Strategy-make-changes/>

Brooks Macdonald:

Keeping 1.5°C alive: Our engagement priorities with asset managers

In our latest webinar, we present how our Responsible Investment Service is thematically engaging with asset managers on net zero, a just transition and natural capital.

<https://event.on24.com/wcc/r/3839771/EODCA566A6A9AC-C2076894894CE248BC>

Sarasin:

Latest monthly MPS update

<https://sarasinandpartners.com/think/model-portfolios-update-july-2022/>

Tribe Impact Capital:

We're Best for the World, again! Tribe has been recognised as one of the Best for the World™ B Corps of 2022.

As a B Corp, we're assessed against five impact areas that all contribute to us certifying as a B Corporation ([you can see our score here](#)). Out of 5,000 B Corps globally, we're among the top 5% in the Customers impact area.

We do what we do because of our clients. Our clients want to invest their capital into the things they care about and we're proud to be able to offer a wealth management service that allows our clients' wealth to reflect their financial, social and environmental objectives.

<https://tribeimpactcapital.com/impact-hub/best-for-the-world-b-corps-2022/>

P1:

New Responsible Passive range of DFM portfolios <https://p1-im.co.uk/news/2022/p1-launch-reponsible-passive-range-of-portfolios/>

Launching the Responsible Passive portfolios is a response to client demand; low-cost portfolios meet high responsible and ESG criteria. Funds in the portfolio must meet the P1 Fossil Divestment requirement (not invested in companies predominantly involved in the production of coal, oil and gas) and be signed up to the UN PRI, UN Global and adopt the 2020 UK Stewardship Code. The range consists of five risk-rated portfolios, with a DFM Charge 0.1% and an average portfolio OCF of 0.17%-0.19%. If you'd like to know more then please get in touch.

Square Mile:

Differentiating impact from ESG

"ESG is doing the thing right. Impact is doing the right thing."

Impact investing: What do investors need to consider when investing in this way? Square Mile's Steve Kenny spoke with three industry experts at Responsible Pathway Live to dig a little deeper into impact investing. Drawing on the expertise of Caroline Cantor, Mohsin Ahmad, and Simon Bond this panel established how investors can enable a just transition, from both a societal and environmental perspective.

Listen now: <https://www.squaremileresearch.com/Insights-Resources/Articles/ArticleID/254/Impact-Investing-in-mega-trends>

Regulatory news:

FCA: The FCA's Consumer Duty will lead to a major shift in financial services

The Financial Conduct Authority (FCA) has confirmed its plans to bring in a new Consumer Duty, which will fundamentally improve how firms serve consumers. It will set higher and clearer standards of consumer protection across financial services and require firms to put their customers' needs first. <https://www.fca.org.uk/news/press-releases/fca-consumer-duty-major-shift-financial-services>

FCA: Dear Chief Executive, Our Alternatives Supervisory Strategy

Page 5 for FCA Commitment – ESG, a strategy for positive change

<https://www.fca.org.uk/publication/correspondence/portfolio-letter-alternatives-2022.pdf>

From 'the news':

Carbon capture: climate change's "healthy" cigarette

The tobacco industry made millions selling "healthy cigarettes" even when it knew smoking killed. Decades later, will the fossil fuel industry get away selling us "healthy" carbon using the tobacco industry's playbook?

<https://harvardpublichealth.org/carbon-capture-climate-changes-healthy-cigarette/>

The Global Returns Project helps advisers offer clients a regenerative complement to their asset allocation strategy. The Project curates a portfolio of diverse and effective climate not-for-profits to which clients can contribute alongside their normal investments. Doing directly regenerates the biosphere beyond the capacity of any investment product. The chart below depicts the process by which clients can contribute to the Portfolio after being introduced by their adviser.

<https://drive.google.com/file/d/17rrGOui5EONuNmz-21Mby5E-b3o2je1x0/view?usp=sharing>

Thinking beyond ESG alone when government climate action falters

<https://ifamagazine.com/article/thinking-beyond-esg-alone-when-government-climate-action-falters/>

For more information, please contact Jack Chellman at jack@globalreturnsproject.earth

ESG labelling provides limited insights for investors, study says Funds that score highly on some UN Sustainable Development Goals often score low on others

<https://www.ft.com/content/e1759849-8138-4b71-8ad5-6e9f29e60404>

A new strain of avian flu is decimating wild birds. Humans should worry

<https://www.ft.com/content/dc4bc7e7-40d7-4aad-9582-ea8935aac090>

Understanding human rights dynamics can help investors to pick the winners

<https://www.investmentweek.co.uk/sponsored/4054978/blue-bay-3mw-understanding-human-rights-dynamics-help-investors-pick-winners>

7IM 'makes progress' with portfolio decarbonisation

<https://www.moneymarketing.co.uk/news/7im-makes-progress-with-portfolios-decarbonisation-plan/>

Success in managing complexity: the role of the Internet of Things in creating a circular economy

<https://ellenmacarthurfoundation.org/tech-enablers-series/part-3>

Green bond issuance climbs as companies look to finance net-zero transition

<https://esgclarity.com/green-bond-issuance-climbs-as-companies-look-to-finance-net-zero-transition/>

GEFI How does Scotland feel about investing responsibly? Analysis of the Global Ethical Finance Initiative's 2021 survey on attitudes to Ethical Investing in Scotland.

<https://www.scottishfinancialnews.com/articles/scots-want-finance-firms-to-deliver-more-responsible-lending>
https://www.globalethicalfinance.org/wp-content/uploads/2022/07/GEFI066_YouGov_Report_v4_public.pdf

Brazil's other deforestation: has the savannah farming boom gone too far?

<https://on.ft.com/3C4syCd>

FT Moral Money GFANZ and UN Race to Zero, emerging difference in philosophy

<https://www.ft.com/content/6472dfe1-1c6f-49d9-98a4-6762d071ad64>

A guide to the US climate, health and tax package Calculations and summary of measures in the historic legislation

<https://www.ft.com/content/bfa67fee-01f4-45fa-b8cd-c24527b83652>

How science is getting closer to a world without animal testing
<https://www.ft.com/content/7c35e08a-4931-4401-b27e-acab-f974bff8>

GFANZ Consultation: ENHANCEMENT, CONVERGENCE, AND ADOPTION Measuring Portfolio Alignment

<https://assets.bbhub.io/company/sites/63/2022/07/GFANZ-Portfolio-Alignment-Measurement-August2022.pdf>

HSBC launches biodiversity screened ETF
<https://www.investmentweek.co.uk/news/4054634/hsbc-launches-biodiversity-screened-etf>

Does ESG Negative Screening Work?

<https://corpgov.law.harvard.edu/2022/08/08/does-esg-negative-screening-work/>

Platforum: What's on the horizon for MPS?

<https://www.moneymarketing.co.uk/opinion/model-portfolio-services/>

MiFID II meets ESG and EU regulation
Tight time frame

<https://www.investmentweek.co.uk/opinion/4054426/mifid-ii-meets-esg-eu-regulation>

These are the UK supermarket items with the worst environmental impact
Researchers trained an algorithm to estimate the environmental impact of 57,000 products sold in the UK and Ireland to help consumers make eco-friendly choices

<https://www.newscientist.com/article/2332392-these-are-the-uk-supermarket-items-with-the-worst-environmental-impact/>

10 finance firms effectively own half of all future carbon emissions
An analysis of the 200 largest fossil fuel companies suggests that just 10 shareholders could influence the fate of nearly half of the world's remaining fossil fuels

<https://www.newscientist.com/article/2332390-10-finance-firms-effectively-own-half-of-all-future-carbon-emissions/>

UK Investors and NGOs call for GFANZ members to face government scrutiny

<https://www.responsible-investor.com/uk-investors-and-ngos-call-for-gfanz-members-to-face-governmental-scrutiny/>

BUSINESS AND FINANCE COMMUNITY RESPOND TO THE PROPOSED IFRS SUSTAINABILITY DISCLOSURE STANDARDS

<https://www.accountingforsustainability.org/response-ifrs-sustainability-disclosure-standards.html>

Wildfires destroy almost all forest carbon offsets in 100-year reserve, study says

<https://www.ft.com/content/d54d5526-6f56-4c01-8207-7fa7e532fa09>

British energy transition 'an opportunity to train 200,000 workers this decade'

<https://www.edie.net/british-energy-transition-an-opportunity-to-train-200000-workers-this-decade>

Profits over planet: How are the energy giants approaching the net-zero transition?

<https://www.edie.net/profits-over-planet-how-are-the-energy-giants-approaching-the-net-zero-transition/>

Eating less food from animal sources is key to reducing the risk of wildlife-origin diseases and global warming
Giulia Wegner, University of Oxford, Kris Murray, London School of Hygiene & Tropical Medicine

<https://theconversation-com.cdn.ampproject.org/c/s/theconversation.com/amp/eating-less-food-from-animal-sources-is-key-to-reducing-the-risk-of-wildlife-origin-diseases-and-global-warming-185610>

The FRC and FCA find significant progress, but further improvement needed under new climate rules

<https://www.frc.org.uk/news/july-2022/the-frc-and-fca-find-significant-progress,-but-fur>

Mifid II: Greenwashing concerns rise as new rule kicks in
An amendment to the EU investor protection framework has necessitated ESG training among distribution staff. But a lack of guidance and data is fuelling fears of mis-selling risks.

<https://capitalmonitor.ai/regions/europe/mifid-ii-greenwashing-concerns-rise-as-new-rule-kicks-in/>

Abrdn. Climate scenarios: The evolution of investment risk and opportunity since the Covid crisis

<https://capitalmonitor.ai/whitepapers/climate-scenarios-investment-risk-opportunity-covid/>

MiFID II goes live but asset managers are still confused
Lack of consistency and clarity

<https://www.investmentweek.co.uk/news-analysis/4054206/mifid-ii-goes-live-asset-managers-confused>

MiFID II sustainability preference further boon for ESG ETFs

<https://www.etfstream.com/news/mifid-ii-sustainability-preference-further-boon-for-esg-etfs/>

Ditching net zero is a colossal act of self-harm for our economy and global vision

<https://www.cityam-com.cdn.ampproject.org/c/s/www-cityam.com/ditching-net-zero-colossal-act-self-harm-for-economy-and-global-vision/?amp=1>

STATE OF CLIMATE AMBITION

Regional Snapshots: Building on the [2021 State of Ambition Report](#), these Regional Snapshots dive into regional insights, gaps, trends, and opportunities. They unpack global and regional trends and status with an updated analysis (as of March 2022) on NDC Submissions, ambition, and quality, as well as NDC implementation readiness.

<https://climatepromise.undp.org/state-of-climate-ambition/regional-snapshots>

Fears over US energy security help unlock historic \$369bn climate bill

<https://on.ft.com/3PJj9nH>

ESG is not a 'distraction'

We must not let ESG become a scapegoat for the systemic failure of our society to address global warming and climate change

<https://boardagenda.com/2022/07/25/esg-is-not-a-distraction/>

FCA spots gaps in firms' progress on climate disclosure

<https://www.moneymarketing.co.uk/news/fca-spots-gaps-in-firms-progress-on-climate-disclosure/>

The importance of the G in ESG

If you believe good decisions on environmental and social issues are important for companies, look for good governance first

<https://www.moneymarketing.co.uk/opinion/the-importance-of-the-g-in-esg/>

Historic UN resolution recognizes healthy environment is a human right

<https://www.undp.org/blog/historic-un-resolution-recognizes-healthy-environment-human-right>

Sustainable fund inflows dropped by over 60% in Q2 but still fared better than 'average' funds
\$54.4bn decrease

<https://www.investmentweek.co.uk/news/4053925/sustainable-fund-inflows-dropped-q2-fared-average-funds>

'There is a direct link between Roe v Wade and investment risk'
Managers cannot 'feign ignorance'

<https://www.investmentweek.co.uk/news/4053710/direct-link-roe-wade-investment-risk>

This year, Earth Overshoot Day lands on July 28

Earth Overshoot Day marks the date when humanity has used all the biological resources that Earth regenerates during the entire year.

<https://www.overshootday.org/>

Bhutan's bold plan to introduce the world's highest tourist levy - 'sustainable development fee' of \$200 per person per day

<https://www.ft.com/content/9baed03d-ce88-4023-a656-52e772d7864d>

Cooling on net zero isn't good for business
Detailed strategies and policy certainty would do more for
companies than a slowdown on emissions goals

<https://www.ft.com/content/7b50c081-9027-4e88-b31b-4d-c6220a499a>

Asset managers in a race to meet MiFID II ESG deadline
Half still need fill out ESG templates

<https://www.investmentweek.co.uk/news/4053725/asset-managers-race-meet-mifid-ii-esg-deadline>

Mortgage climate group opens first event for advisers

<https://www.moneymarketing.co.uk/news/mortgage-climate-group-opens-first-event-for-advisers/>

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.

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