



ESG ACCORD

●●● YOUR COMPLIANCE, ESG & SUSTAINABILITY IN ACCORD

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Newsletter October 2022

Hello from ESG Accord

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Hello to the Sustainability Disclosure Requirements (SDR) and investment labels Consultation Paper CP22/20! 🙌🏻

<https://www.fca.org.uk/publication/consultation/cp22-20.pdf>

We support the proposed new rules and the scope of the CP to "help consumers navigate an increasingly complex investment product landscape, protect them from greenwashing, and rebuild trust". The sustainable labels should help consumers understand the different sustainability approaches and find products to meet sustainability preferences.

At ESG ACCORD we support financial advisers and the industry in this process. Our robust compliance process solution gives advisers the confidence to discuss the full spectrum of capital with their clients. Without this, advisers may delay the shift of their business models; potentially "slowing the flow of much-needed capital to investments that can genuinely drive positive change". Understanding ESG & Sustainability is core to advisers placing regular and long term business. Adviser confidence is key. Consumer outcomes are key. Compliance is the essential key to bring it into accord.

As members of the Disclosure and Labels Advisory Group we recognise the FCA's considerable achievement with this CP and we thank the FCA for the opportunity to contribute to this important and ultimately industry/world changing piece of work.

We will be issuing feedback to the CP. Please do get in touch if you would like to discuss the CP with us or for information on how we can support your firm.

Please visit our LinkedIn post:

https://www.linkedin.com/posts/elly-dowding_sustainability-fca-compliance-activity-6990625975759740930-QkQg?utm_source=share&utm_medium=member_desktop

Two-Year celebration!

We can't quite believe it, ESG Accord is now just over two-years old! We would like to say a big thank you to all of our existing supporters and sponsors.

In the next couple of months we look forward to sharing our Year Three plans with you all. At this stage today, we would like to say an extended thank you to our new incoming supporters, partners and sponsors who will be joining us to make our Year Three happen! Stay tuned!

Your help please: Research into Experiences of Impact Investment Decision Making

ESG Accord 'Accord Initiative' Advisory Group member Alan Whittle is currently undertaking research into the experiences of retail investors and their advisers when it comes to investing in impact, as part of a PhD in Financial Planning with Manchester Metropolitan University.

The research involves interviewing investors and advisers and Alan is keen to speak to anyone who would be interested in participating. Given the focus on behaviour in the FCA's proposed Sustainable Disclosure Requirements and increased emphasis on understanding outcomes promoted by the Consumer Duty this research could not be more timely!

If anyone would like to know more about the research and what it entails, please contact Alan directly at alan.whittle@stu.mmu.ac.uk

Updates from us:

- SDR & Labels, FCA keynote + Panel Discussions, webinar event 29th Nov
- ValidPath: in-person presentation for network members 10th November
- Aviva: in-person presentation 16th November in Birmingham & 23rd November in Bristol
- RBC Brewin Dolphin: in-person presentation 9th November, Midlands
- Tribe Impact Capital: webinar title Regulation radar: consumer duty, disclosures & the new sustainable investment labels regime 17th November
- PIMFA Sustainable Finance Conference, in person 22nd November
- FE FUNDINFO Adviser Roadshows, various dates, in person-
https://www.linkedin.com/posts/fefundinfo_financialadvisers-event-esg-activity-6973626026669088769-19fH?utm_source=share&utm_medium=member_desktop

ESG Accord SDR & Labels Event recording:

We promised we'd talk about the SDR/labels and Consumer Duty at our recent webinar with Louisa Chender from the FCA on 17th Oct. If you missed it, the recording now available, link below.

Feedback: "I have absorbed the latest webinar from ESG Accord and now know what is coming our way from the FCA."

Here are a few snapshots from Louisa Chender, Senior Associate at the Financial Conduct Authority and lead for the Sustainability Disclosure Requirements (SDR) and the investment labels:

"We note the link between our proposals (Sustainable Labels) and the new Consumer Duty as well regarding communications to consumers."

"We are also proposing to introduce requirements for distributors of information to ensure that the product level information in particular is made available to retail investors. Advisers, of course, will be playing a key role in this regard, ensuring that consumers, receive the information they need to make informed choices about their investments."

"We signalled our intention to explore how best to introduce more specific and targeted to sustainability related requirements for advisers. The key aim of those requirements will be to confirm that they should take sustainability matters into account in their investment advice and understand investment investors preferences on sustainability, to ensure that advice is suitable. And in the meantime, we very much remind advisers of the existing rules to ensure that their recommendations are suitable for clients, which very much includes collecting all information necessary to understand a client's investment objectives. And, of course ensuring that the advice considers those investment objectives. And going back to the stats that I mentioned earlier, around 80% surveyed wanted their money to do some good, it should follow that advisors take this into account."

https://zoom.us/rec/share/OLQ6uYA--u6PhL9u5F4ye-0ENj1g-NoNk_GDymO5ZvBZhbIW3UnhuOYZC6v2m-ps4.RCUpLmkLif-DZeMB7

Tax Efficient Vehicles Report update:

We were delighted to be joined by two of our Tax Efficient Vehicles Report Sponsors at our webinar on 17th Oct. Find out what Jonathan Gain from Stellar Asset Management and Paul Rous from Regenerate ventures had to share via the recording link below:

https://zoom.us/rec/share/OLQ6uYA--u6PhL9u5F4ye-0ENj1g-NoNk_GDymO5ZvBZhbIW3UnhuOYZC6v2m-ps4.RCUpLmkLif-DZeMB7

Not long to go! We aim to launch the Tax Efficient Vehicles Report in Q4, likely early December.

Report sponsors: Blackfinch, British Robotics, Calculus Capital, Committed Capital, GrowthInvest, Haatch, Regenerate Ventures, Sapphire, Stellar Asset Management, 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 the sponsors who share our ethos for transparency and raising market participation.

MPS Report Hub:

The MPS '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:

Brooks Macdonald (Sponsor):

Latest Responsible Investment Service Bi-Annual report

In this edition, we've asked the asset managers in which RIS invests to share how their policies and practices are helping to ensure a 'just transition'. The principle of just transition is that a healthy economy and a clean environment can and should co-exist. The process for achieving this vision should be a fair one that should not cost workers or community residents their health, environment, jobs, or economic assets. Any losses should be fairly compensated.

We also review the eight sustainability themes that shape our investment decisions and explain how we're aligning our portfolios to them. The report also features new case studies of some of the companies we invest in and an interview with Brendan Curran, Policy Fellow at the Grantham Research Institute, on the importance of ensuring a just energy transition that leaves no one behind.

<https://read.brooksmacdonald.com/ris-biannual-report-september-2022/>

EQ Investors (Sponsor):

EQ Investors releases sixth-annual impact report

The report showcases the impact associated with investments made and engagements held on behalf of its clients. Coinciding with the 10-year anniversary of the EQ Positive Impact strategy, the report focuses on four critical social & environmental challenges: climate change, natural capital, healthcare, and social inclusion.

Download your copy at: <https://eqinvestors.co.uk/advisers/blog/guide-eq-investors-releases-sixth-annual-impact-report/>

Sarasin & Partners (Sponsor):

Sarasin has won the Citywire Investment Performance Award for Balanced Portfolio 2022. It's a great vindication of the global, thematic philosophy and process we follow at Sarasin.

https://sarasinandpartners.com/news/sarasins-success-at-citywire-investment-performance-awards/?utm_medium=email&utm_source=referral&utm_campaign=es-gaccordoct22

Tribe Impact Capital (Sponsor):

Tribe is honoured to have recently been named the Best Sustainable Investment Wealth Manager/ DFM Group at Investment Week's Sustainable Investment Awards 2022. We're delighted to have been recognised for excellence in sustainability within our investment proposition and business operations. Congratulations to all the [other winners and finalists](#).

<https://event.investmentweek.co.uk/sustainableinvestment-awards2022/en/page/2022-winners>

Waverton (Sponsor):

Recent market volatility may not have waned enthusiasm for ESG, but it has increased the interest in more diversified portfolios. Senior Multi-Asset Analyst [Paris Jordan, CFA](#) writes for [FTAdviser](#) on the challenges that environmental, social and governance portfolios have faced this year.

<https://www.ftadviser.com/ftadviser-focus/2022/10/10/don-t-be-afraid-to-have-conversations-about-transitioning-brown-companies/>

Castlefield:

Throughout 2022, Castlefield has been celebrating its 20-year anniversary. The 2022 symposium explored the evolution of sustainable and ethical finance. Professor Atul Shah delivered a keynote speech on sustainable and ethical finance, covering culture, ethics and the impact of good leadership. This was followed by a panel discussion around some of the emerging core themes, with an expert guest panel. A recording of the event can be found here:

<https://www.castlefield.com/home/media/videos/castlefield-annual-symposium-2022/>

Parmenion:

What did we learn from our ESG workshops?

<https://www.parmenion.co.uk/insight-and-resources/news-and-insights/what-did-we-learn-from-our-esg-workshops/>

PortfolioMetrix:

Video on "Long-Term Case for Sustainable Investing"
Whilst the key reasons for investing sustainably are often non-financial (supporting society and local communities and protecting the planet), the financial case for doing so remains strong. In the video below, Nic Spicer - UK Head of Investments at PortfolioMetrix, looks at:

- Understanding 2022's challenging performance as it relates to sustainable investing
- The attractive long-term sustainable investment case as it relates to:
 - Clean Energy
 - The wider opportunity set emerging from the themes of the Sustainable Development Goals (SDGs)

<https://www.portfoliomatrix.com/our-blogs/the-long-term-case-for-sustainable-investing>

From 'the news':

COP 27 , Presidency Vision: Thematic Days, starting with Finance on 9th Nov

<https://cop27.eg/#/presidency/eventsThematic>

ISSB unanimously confirms Scope 3 GHG emissions disclosure requirements with strong application support, among key decisions

<https://www.ifrs.org/news-and-events/news/2022/10/issb-unanimously-confirms-scope-3-ghg-emissions-disclosure-requirements-with-strong-application-support-among-key-decisions/>

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Reporting on Scope 3 emissions – those originating in a company's value chain and beyond its direct control – will be included as part of required company disclosures under new standards being developed by the International Sustainability Standards Board (ISSB) of the IFRS Foundation, according to a statement Friday by the ISSB.

<https://www.esgtoday.com/issb-confirms-scope-3-emissions-will-be-included-in-ifrs-climate-disclosure-standard/>

UK's Lloyds ditches project finance for new oil and gas fields

<https://www.reuters.com/business/finance/uks-lloyds-ditches-project-finance-new-oil-gas-fields-2022-10-20/>

Clive Waller: Ethical investment will gain far more sunlight
Many are going further than DNH – do no harm – and focusing on impact

<https://www.moneymarketing.co.uk/opinion/ethical-investment/>

HSBC climate change adverts banned by UK watchdog

"Customers... would not expect that HSBC, in making unqualified claims about its environmentally beneficial work, would also be simultaneously involved in the financing of businesses which made significant contributions to carbon dioxide and other greenhouse gas emissions," the regulator added.

<https://www.bbc.co.uk/news/business-63309878>

HSBC climate change adverts banned by UK watchdog

<https://www.bbc.co.uk/news/business-63309878>

Common success factors for bankable nature-based solutions
South Pole's latest report, developed together with WWF, highlights which success factors are key to design nature-based solutions projects that can attract critical private capital.

<https://www.southpole.com/de/common-success-factors-for-bankable-nature-based-solutions>

Advisers gain confidence in sustainable investing but reporting is an issue, finds new report

<https://ifamagazine.com/article/advisers-gain-confidence-in-sustainable-investing-but-reporting-is-an-issue-finds-new-report/>

Clients want more conversations on sustainable investing
<https://www.moneymarketing.co.uk/news/clients-want-more-conversations-on-sustainable-investing/>

Planetary Pulse: Are asset owners ready to finance a transition to net zero?

<https://ifamagazine.com/article/planetary-pulse-are-asset-owners-ready-to-finance-a-transition-to-net-zero/>

G7 reiterates commitment to mandatory climate disclosures and welcomes the ISSB's work on global baseline

<https://www.ifrs.org/news-and-events/news/2022/10/g7-reiterates-commitment-to-mandatory-climate-disclosures-and-welcomes-the-issbs-work-on-global-baseline/>

Kings College London

Regulatory Leadership for a Net Zero Transition
CENTRAL BANKS AND FINANCIAL REGULATORS: LEVERS AND LIMITS
Insights Report 2022

<https://www.kcl.ac.uk/climate-law/assets/regulatory-leadership-for-a-net-zero-transition-dr-megan-bowman.pdf>

NEW: Government accepts its flagship climate strategy is unlawful

https://goodlawproject.org/news/nz_update/

CDP_Cities_Protecting_People_and_the_Planet.pdf

https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/567/original/CDP_Cities_Protecting_People_and_the_Planet.pdf?1665068434

KPMG Regulatory Barometer 2022

<https://home.kpmg/xx/en/home/insights/2022/08/regulatory-barometer.html>

Climate Change Committee: Businesses' bullish approach to offsetting undermining net-zero transition

Businesses are increasingly using carbon offsets to "mask" insufficient efforts to reduce their own impact in-house and are buying low-quality offsets to save money, the Climate Change Committee (CCC) is warning.

<https://www.edie.net/cc-c-businesses-bullish-approach-to-off-setting-undermining-net-zero-transition>

P1 Platform launches customisable reporting suite

<https://www.moneymarketing.co.uk/news/p1-platform-launches-customisable-reporting-suite/>

PRI calls on UK regulators to act more progressively on sustainable finance

<https://www.responsible-investor.com/pri-calls-on-uk-regulators-to-act-more-progressively-on-sustainable-finance>

New financial models could unlock retrofit of social housing

<https://www.insidehousing.co.uk/comment/comment/new-financial-models-could-unlock-retrofit-of-social-housing-78367>

US and Germany lead calls for climate action at World Bank meetings

Pressure increases on development banks to fund clean energy in poorer nations

<https://www.ft.com/content/8c417e31-66b4-44a4-bf9c-c382541fc8f2>

FCA warns of clampdown on 'social washing'
Good Money Week

<https://www.investmentweek.co.uk/news/4057703/fca-warns-clampdown-social-washing>

Green Finance Institute, Green Technical Advisory Group
GTAG: Advice on the development of a OK Green Taxonomy

<https://www.greenfinanceinstitute.co.uk/wp-content/uploads/2022/10/GTAG-Advice-on-the-development-of-a-UK-Green-Taxonomy.pdf>

New oil and gas at odds with green goals - report

<https://www.bbc.co.uk/news/science-environment-63149957>

How will ESG drive product innovation?

<https://www.moneymarketing.co.uk/opinion/how-will-esg-drive-product-innovation/>

A multi-billion pound investment catalyst

<https://ifamagazine.com/article/a-multi-billion-pound-investment-catalyst/>

GFI & UNEP join forces ahead of COP27 Climate Change Conference - PODCASTS

On October 5th, The United Nations Environment Programme (UNEP) and Green Finance Institute (GFI) will launch a five-episode special series of Financing Nature in the lead up to COP27. Each episode will showcase a project on the ground in the Global South, and interviews with leading figures in the world of finance and nature to discuss what we need from our global governments in Egypt this November.

<https://open.spotify.com/episode/2CfX4LDZ6OKPAi11MLhN9n>

Are you up to the Schrodgers challenge?

<https://citywire.com/new-model-adviser/news/advisers-doing-good/a2394939>

Why the oil boom could be good news for sustainability

https://digital.citywire.com/multi-asset-in-focus/p/?client=mg_095008-05&client=mg_095008-05&utm_campaign=multiasset-infocus

Consumer Duty: Bring on the champions

<https://www.moneymarketing.co.uk/opinion/consumer-duty-bring-on-the-champions/>

Faith Liversedge: Let marketing solve the Consumer Duty riddle

It's not just about tailoring your message and segmenting your communications but how you monitor engagement and performance

<https://www.moneymarketing.co.uk/opinion/consumer-duty-marketing/>

HL steps up ESG drive with dedicated team and fund exclusions list

New requirements for Wealth Shortlist

<https://www.investmentweek.co.uk/news/4057270/hl-steps-esg-drive-dedicated-team-fund-exclusions-list>

Revealed: Huge gas flaring emissions never reported

<https://www.bbc.co.uk/news/science-environment-62917498>

Nord Stream gas leaks examined by scientists for climate damage

Environmental agencies attempt to quantify methane released into atmosphere by alleged sabotage of pipelines

<https://www.ft.com/content/3684bf05-df3e-4c45-b325-a72d00b8c99f>

Asset managers struggle to evidence ESG considerations when taking positions

Aligned remuneration policies fall

<https://www.investmentweek.co.uk/news/4057003/asset-managers-struggle-evidence-esg-considerations-taking-positions>

Green Economy Mark Report 2022

Discover the London-listed companies driving the green economy and how London Stock Exchange is supporting innovative businesses to create a greener future

London Stock Exchange's third Green Economy Mark report introduces and celebrates the 108 companies and funds accredited with our Green Economy Mark

<https://www.londonstockexchange.com/raise-finance/equity/green-economy-mark/green-economy-mark-report-2022>

Climate Data Steering Committee Proposes Recommendations for the Development of First-Ever Publicly Accessible Climate Data Utility

The Utility would make climate transition-related data openly available in a single place for the first time and provide accurate, trusted, and verifiable data – a potential game-changer to enabling the delivery of a net-zero economy.

<https://www.gfanzero.com/press/climate-data-steering-committee-proposes-recommendations-for-the-development-of-first-ever-publicly-accessible-climate-data-utility/>

Only 22% of asset managers have 'credible' net zero plan despite 81% pledging targets

<https://www.investmentweek.co.uk/news/4056676/22-asset-managers-credible-net-zero-plan-despite-81-pledging-targets>

AXA IM Alts hires trio of experts for new Natural Capital strategy

<https://www.investmentweek.co.uk/news/4056641/axa-im-alt-hires-trio-experts-natural-capital-strategy>

Janus Henderson launches US equity sustainability fund

<https://www.investmentweek.co.uk/news/4056647/janus-henderson-launches-us-equity-sustainability-fund>

Franklin Templeton launches new fixed income offering to support social change

<https://www.investmentweek.co.uk/news/4056642/franklin-templeton-launches-fixed-income-offering-support-social-change>

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