



## ESG ACCORD

### ●●● YOUR COMPLIANCE, ESG & SUSTAINABILITY IN ACCORD

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## Newsletter January 2023

### Hello from ESG Accord

If we haven't spoken to you already - Happy New Year to you!

What a start to the year, we've just released our **freshly updated full spectrum of capital compliance framework**. Here's a quick insight:

#### Achieving Suitable Outcomes

Suitable outcomes are achieved for clients when three elements of financial planning are captured and considered by the adviser:

#### 1) Fact-Find & General Objectives

Capturing factual information. Basic questions about the client, their family, their health, dependents, work, plans for the future and goals etc

#### 2) Attitude to Risk & Capacity for Loss

AtR: Determining the level of risk the client is willing to take when choosing investments to reach a savings goal  
CfL: This considers the clients ability to absorb falls in the value of their investment without it materially affecting their standard of living

#### 3) Investment Preferences & Objectives

Consumer Duty requires advisers to capture each client's preferences across the investment spectrum of capital. How the client would like their money to be invested: Targeted & Traditional investing, Traditional Investing including Environmental, Social & Governance factors, Sustainability objectives: Improvers, Focus or Impact, applying personal beliefs and values via Ethical Investment

How can ESG ACCORD help?

ESG Accord supports financial advisers by providing them with sustainable compliance solutions in the form of a full spectrum of capital compliance framework.

The ESG Accord full spectrum of capital Investment Preferences & Objectives compliance framework process is for all clients, all funds and providers.

The simple user-friendly framework slots into a firm's existing processes to enable suitable outcomes (COBS, PROD & Consumer Duty) across the full spectrum of capital.

Crucially, most clients will not need to complete ESG or Sustainable preference questionnaires; the process allows the client to make an informed choice about their investment pathway and the client can choose to leave the fund's investment strategy, themes & goals to the discretion of the Fund Manager(s).

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### ...CP22/20!

The submission deadline for responses to the CP is 25th January. Over the last few months, we have;

- Attended DLAG meetings
- Hosted two industry webinars Q4 2022 with FCA keynote on the SDR & Labels and the interaction with Consumer Duty
- Held numerous one to one meetings with advisers, DFMs and Fund Management Groups and Partners of the ESG Accord: Accord Initiative on the CP22/20
- Chaired a CP22/20 discussion group for MPS providers
- Attended the Association of Professional Compliance Consultants working group on ESG, presenting a summary of the CP22/20 to the group members including questions/discussion

We will publicly share our final response post submission.

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## Net Zero Review

The Review weighs in at 340 pages and is well worth reading (If you are short of time cut to the 25 key actions for 2025 on page 14).

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1128689/mission-zero-independent-review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1128689/mission-zero-independent-review.pdf)

The role of finance in net zero is well covered, but it is interesting and disappointing to note that the carbon calculator for use by individuals does not include financial products (p227). The Review talks about consumer choice but not about consumer choice for financial products. The SDR is mentioned three times; in terms of anti-greenwashing and consumer confidence, as an intro and with the ISSB and as "a first step in linking up disclosure requirements for climate-related financial risks and transition plans". There is also a recommendation for a Transition Taxonomy pre actual Taxonomy.

The Review clearly shows the economic positions of the Improvers and Focus labels and highlights the difference between the two pathways.

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## Deep Dive Reports HUB - Tax Efficient Vehicles & MPS, (Multi-Asset ETA Q3!)

How do Tax Efficient Vehicles and MPS manage ESG, sustainability and climate-related factors? Good question. Deep dive into our MPS and TEV databases! Each holds the answers to Climate, ESG & Sustainable focussed questions tailored to each space. Both databases are FREE TO ACCESS. The aim of the database is to help advisers match the most appropriate products and services to client investment preferences and objectives.

Register here: <https://esgaccord.co.uk/registration-page/>

**Tax Efficient Vehicles.** We went live in December and the database is already growing! Log in to check out the new entrants. We will continue to welcome in TEV providers.

**MPS.** Our Due Diligence Questionnaire has now been updated to send out to the MPS participants for the next version of the MPS database (ETA end of Q1!).

## TEV Report Hub. News from the database participants:

### Beyond Impact:

New Food Invest 2023 Conference. Beyond Impact are sponsoring, speaking at and helping to put together this upcoming conference on 15<sup>th</sup> February 2023 that focuses on alternative proteins – [www.new-food-invest.com](http://www.new-food-invest.com) for information and ticket purchase

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### MPS Report Hub. News from the database participants:

#### Brooks Macdonald (Report Sponsor):

Ten key investment themes for 2023

After a bruising 2022, risk-asset valuations are set to start 2023 with much lower embedded expectations priced in. Given the markets' caution, should the global economic growth and inflation outlook improve, this could herald significant rewards for patient investors. Find out more by reading each of the ten themes and predictions in our investment strategy outlook for 2023.

<https://www.brooksmacdonald.com/insights/2023-outlook>

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#### EQ Investors (Report Sponsor):

Reflecting on 2022 and looking forward to 2023, Louisiana Salge, Head of Sustainability

The last few years have shown us that its always challenging predicting what the next year will bring. As we reflect on the past twelve months, we see reasons to be more positive going into 2023.

<https://eqinvestors.co.uk/advisers/blog/reflecting-on-2022-and-looking-forward-to-2023/>

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#### Castlefield:

Positive Investment Themes to make a difference

At Castlefield, we believe responsible business practices, along with sustainable products and services, will allow companies to produce better investment returns over the long term.

Our ten positive themes provide a framework for assessing the positive credentials of any individual investment. This report shows how the equity funds within the Castlefield sustainable fund range incorporate our positive themes within their holdings: <https://www.castlefield.com/media/koskqzrs/castlefield-positive-themes-report.pdf>

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### **Parmenion:**

Ethical investment review 2022 <https://www.parmenion.co.uk/insight-and-resources/news-and-insights/ethical-review-2022/>

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### **Regulatory:**

Independent report, Review of Net Zero

An independent review of the government's approach to delivering its net zero target, to ensure that it is pro-business and pro-growth.

<https://www.gov.uk/government/publications/review-of-net-zero>

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Net Zero Review: UK could do more to reap economic benefits of green growth Former Energy Minister Chris Skidmore publishes his Net Zero Review, outlining the opportunities offered by net zero.

<https://www.gov.uk/government/news/net-zero-review-uk-could-do-more-to-reap-economic-benefits-of-green-growth#:~:text=Chair%20of%20the%20Net%20Zero,at%20an%20economic%20advantage%20globally.>

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### **From 'the news':**

Will Green Taxonomy Delay Help UK 'Get it Right'?

<https://www.esginvestor.net/will-green-taxonomy-delay-help-uk-get-it-right/>

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Robert Eccles 'A Whistleblower's Tale' As Told By Desiree Fixler

<https://www.forbes.com.cdn.ampproject.org/c/s/www.forbes.com/sites/bobeccles/2023/01/17/a-whistleblowers-tale-as-told-by-desiree-fixler/amp/>

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Report: Extreme weather events in 2022 pushed C-suite leaders to increase climate action

<https://www.edie.net/report-extreme-weather-events-in-2022-pushed-c-suite-leaders-to-increase-climate-action>

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ISSB describes its concept of sustainability and its articulation with financial value creation, and announces plans to advance work on natural ecosystems and just transition

<https://www.ifrs.org/news-and-events/news/2022/12/issb-describes-the-concept-of-sustainability/>

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LSE:

Avoiding leakage from nature-based offsets by design

<https://www.lse.ac.uk/granthaminstitute/publication/avoiding-leakage-from-nature-based-offsets-by-design/>

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HSBC loans \$360m to coal project despite pledge to halt fossil fuel funding

<https://www.investmentweek.co.uk/news/4062571/hsbc-loans-usd360m-coal-project-despite-pledge-halt-fossil-fuel-funding>

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The social cost of carbon with intragenerational inequality and economic uncertainty

<https://www.lse.ac.uk/granthaminstitute/publication/the-social-cost-of-carbon-with-intragenerational-inequality-and-economic-uncertainty/>

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Republicans Are Primed to Take on 'Woke Capitalism' in 2023, with Climate Disclosure Rules for Corporations in Their Sights

<https://insideclimatenews.org/news/03012023/republicans-disclosure-rules-esg/>

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Prime Minister Rishi Sunak's speech 04/01/23

"Increasing public funding in R&D to £20bn to enhance our world leading strengths in AI, life sciences, quantum, fintech, and green technology."

<https://www.gov.uk/government/speeches/pm-speech-on-making-2023-the-first-year-of-a-new-and-better-future-4-january-2023>

Deloitte: Balancing your materiality assessment  
How to move beyond the matrix

[https://www2.deloitte.com/nl/nl/pages/risk/articles/balancing-your-materiality-assessment.html?id=nl:2sm:3li:4dcom\\_share:5awa:6dcom:risk](https://www2.deloitte.com/nl/nl/pages/risk/articles/balancing-your-materiality-assessment.html?id=nl:2sm:3li:4dcom_share:5awa:6dcom:risk)

Aviva gets science-based emission targets validated

<https://www.moneymarketing.co.uk/news/aviva-gets-science-based-emission-targets-validated/>

Smoke free goal tests PMI's climate ambitions

[https://www.linkedin.com/posts/robert-eccles\\_climatechange-activity-7011824819226705920-MVyD?utm\\_source=share&utm\\_medium=member\\_ios](https://www.linkedin.com/posts/robert-eccles_climatechange-activity-7011824819226705920-MVyD?utm_source=share&utm_medium=member_ios)

Brussels agrees details of world-first carbon border tax  
Mechanism to penalise importers for carbon emissions set to trigger criticism from foreign governments

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

COP15 Draft decision submitted by the President:  
Kunming-Montreal Global biodiversity framework

<https://www.cbd.int/doc/c/7a5e/1d9a/f8718d1a5dd9828dba764053/cop-15-item9a-nonpaper-president-en.pdf>

EU finalises landmark sustainability reporting directive

Companies required to meet a range of obligations as enhanced non-financial reporting standard goes live in January

<https://www.herbertsmithfreehills.com/latest-thinking/eu-finalises-landmark-sustainability-reporting-directive>

Strategic support and market engagement TNFD:  
Strategic support and market engagement for nature-related risk management and reporting gains momentum at COP-15

<https://tnfd.global/news/strategic-support-and-market-engagement/>

EU's trading partners accuse bloc of protectionism over carbon tax plan

<https://www.ft.com/content/67c1ea12-7495-43ff-9718-7189cef48fd6>

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