

ESG ACCORD

...YOUR COMPLIANCE, ESG & SUSTAINABILITY IN ACCORD

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Newsletter March 2023

Hello from ESG Accord

OK, it is safe to say that everyone with an eye on news headlines recently has heard about the IPCC AR6 Report.

Approaching the IPCC AR6 can be a bit daunting even for those with a strong interest. Here's an extract which relates to our industry:

"If climate goals are to be achieved, both adaptation and mitigation financing would need to increase many-fold. There is sufficient global capital to close the global investment gaps but there are barriers to redirect capital to climate action."

A good place to start is by making the link to the FCA **CP22/20** proposals. The **Improvers, Focus and Impact** sustainable fund labels directly link to driving an urgent transition, to channelling funds to mitigation, to specialisms and technology, for adaptation, and prioritising equity, social and climate justice, inclusion etc etc. Where there is rapid change, for financial, national and global stability, we need to ensure a just transition. There are huge opportunities for investors on the transition to a sustainable future and the FCA is laying out the pathway via the SDR and labels.

What about 'outside' the labels?

Ethical values: We note that there is a clear link to personal values/ethical views in the AR6; *"Many options are available for reducing emission-intensive consumption, including through behavioural and lifestyle changes, with co-benefits for societal well-being."*

ESG (funds can have ESG built in without a label): The NYU Stern meta study draws six conclusions about the relationship between ESG and financial performance after examining the 1000 plus individual studies. A few of the conclusions;

- Improved financial performance due to ESG becomes more marked over longer time horizons.
- ESG integration, broadly speaking as an investment strategy, seems to perform better than negative screening approaches
- ESG investing appears to provide downside protection, especially during a social or economic crisis.
- Studies indicate that managing for a low carbon future improves financial performance


NYU Stern meta study, six conclusions on page 3: https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021%20Rev_0.pdf

We've included some links to IPCC related news below in the newsletter. The **IPCC AR6 headline statements** can be read from here: <https://www.ipcc.ch/report/ar6/syr/resources/spm-headline-statements/>


At ESG Accord we strive to give advisers the tools they need to give suitable advice across the spectrum of capital. This includes giving the tools (due diligence questionnaires) to challenge and ask all the questions to fund groups/DFMs etc. This is what we deliver via our deep dive databases... **We are very excited to share that the Second Edition of our Deep Dive MPS database is nearly ready for launch! ETA end of March! Stay tuned.**

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

MODEL PORTFOLIO SERVICE

 **ESG ACCORD: DEEP DIVE MPS**

ESG & Sustainable database 2023



RECOMMENDING MPS?

Welcome to the Second Edition of our Deep Dive industry database for ESG and Sustainable MPS.

Advisers need quality and comparable data to give best practice advice to attract and retain clients. By using our Deep Dive database, advisers will be able to focus on the needs of their clients, matching the most appropriate MPS to each client's investment preferences and objectives.

1

DUE DILIGENCE

Questions and criteria based on the FCA Guiding Principles for Authorised ESG & Sustainable Investment Funds & proposals in the FCA CP22/20 SDR/labels

2

PREFERENCES & OBJECTIVES

The database helps advisers match the most appropriate products and services to client preferences and objectives

3

SUITABLE OUTCOMES FOR CLIENTS

Deliver best practice outcomes across the full ESG & Sustainable spectrum

DATABASE NOW LIVE

For advice firms, MPS providers & industry participants

FREE TO ACCESS

The database holds the answers to Climate, ESG & Sustainable focussed questions

CLICK HERE REGISTER

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 Climate, ESG or Sustainability, please contact us admin@esgaccord.co.uk

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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 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. the Second Edition of our Deep Dive MPS database is nearly ready for launch! ETA end of March! Existing users to the current database will be able to use the same log-in details for the updated database!

MPS Report Hub. News from the database participants:

Aviva (Report Sponsor):

Latest ESG developments. Search and compare on the Platform ESG tool

<https://connect.avivab2b.co.uk/adviser/articles/news/platform-and-investments/search-and-compare-platform-esg-tool/>

EQ Investors (Report Sponsor):

EQ Investors is reducing the charges on its passive sustainable portfolio range, having celebrated their three-year anniversary at the end of February:

<https://eqinvestors.co.uk/advisers/blog/future-leaders-portfolios-celebrate-three-year-anniversary-with-price-reduction/>

LGT Wealth Management (Report Sponsor):

We recently hired Ben Palmer, Head of Responsible Investment at Brooks Macdonald, into our Sustainable Model Portfolio team.

<https://portfolio-adviser.com/brooks-responsible-investment-head-lands-at-lgt/>

Tribe Impact Capital (Report Sponsor):

Investing in sustainable tech with Tribe Impact Capital:

Technology and digital inclusion are fundamental to achieve the UN SDGs. When thinking about tech stocks, it's often the large mega-cap names that come to mind. These, however, aren't the core tech stocks in Tribe's Portfolios. Investment Manager Jamie Innes, CFA discusses the complex value chains of big tech and the compelling themes in sustainable tech. Here's the 5-minute read that can be shared with clients:

<https://tribeimpactcapital.com/impact-hub/investing-in-sustainable-tech/>

Castlefield:

As the thoughtful investor[®], we take our stewardship role seriously at Castlefield. Our founder John Eckersley and Investment Partner Ita McMahon were recently asked by ESG Clarity about our approach to engagement and how we can have influence as a 'smaller' investor. They also discussed Castlefield's charitable roots and long-term sustainable growth. You can read the full interview here:

<https://esgclarity.com/castlefield-qa-having-an-influence-as-a-smaller-investor/>

Parmenion:

Our third annual Diversity Challenge report and infographic

<https://www.parmenion.co.uk/insight-and-resources/news-and-insights/parmenion-2023-annual-gender-and-race-diversity-study-results/>

Square Mile:

Could green be the new blue?

You've heard about green bonds - how about blue bonds? Square Mile's new weekly podcast series, Behind The Screens, is live! For the first of the series, they spoke with Paul Skinner of Wellington Management on the reopening of China, why he sees exciting opportunities in Europe and the potential of Blue Bonds.

Listen now: <https://www.squaremileresearch.com/Insights-Resources/Articles/ArticleID/342/Behind-the-Screens-Podcast>

Regulatory:

Dear CEO letter: ESG Benchmarks Review

<https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-esg-benchmarks-review.pdf>

FCA outlines where improvements are needed in ESG benchmarks

<https://www.fca.org.uk/news/news-stories/fca-outlines-improvements-needed-esg-benchmarks>

Sub-Committee on Financial Services
Regulations Greenwashing - Sustainability Disclosure
Requirements and investment labels consultation

<https://committees.parliament.uk/publications/34311/documents/188885/default/>

UK Infrastructure Bank Bill becomes law
The UK Infrastructure Bank Bill has received Royal Assent after being introduced to Parliament in May last year.

<https://www.gov.uk/government/news/uk-infrastructure-bank-bill-becomes-law>

IPCC AR6 news:

AR6 Synthesis Report: Climate Change

<https://www.ipcc.ch/report/sixth-assessment-report-cycle/>

Podcast: BBC Newscast interview with Tom Rivett-Carnac on the IPCC AR6 (7.05 mins to 18.43 mins)

<https://www.bbc.co.uk/sounds/play/p0f9y49n>

The IPCC's climate report has drawn the battle lines for Cop28: oil profits or a livable future

<https://www.theguardian.com/commentisfree/2023/mar/21/ipcc-climate-report-cop28-oil-profits-fossil-fuels-un-climate-talks-scientists>

IPCC issues plea for huge acceleration in climate financing

<https://citywire.com/selector/news/ipcc-issues-plea-for-huge-acceleration-in-climate-financing/a2412382>

From 'the news':

Hundreds of funds to be stripped of ESG rating

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

8 out of 10 advisers say Consumer Duty "feels like a rebranded TCF"

<https://www.aviva.com/newsroom/news-releases/2023/03/eight-out-of-ten-advisers-say-consumer-duty-feels-like-a-rebranded-tcf/>

Huge investor coalition demands chemical companies set credible strategy to align with 1.5°C

<https://wealthdfm.com/article/huge-investor-coalition-demands-chemical-companies-set-credible-strategy-to-align-with-1-5c/>

Planetary Ikagai / Ikagai for organisations:

https://www.linkedin.com/posts/alice-kalro_systemschange-ikigai-corporatesustainability-activity-704455114421152896-IAEW?utm_source=share&utm_medium=member_desktop

Aviva: Annual letter to company chairpersons

<https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2023/01/company-chairpersons/>

Does sustainable investing work? Amy Clarke, chief impact officer, Tribe Impact Capital

<https://esgclarity.com/does-sustainable-investing-work/>

'Perhaps she will not spoil the atmosphere after all': women mark 50 years trading at the LSE

<https://www.ft.com/content/aff6433f-5231-465a-a96c-a2219c2d1dc1>

How to build a neuro-inclusive advice business

<https://www.ftadviser.com/your-industry/2023/03/16/how-to-build-a-neuro-inclusive-advice-business/?page=4>

The GreenFin Interview: A conversation with the UN head of climate risk and TCFD

<https://www.greenbiz.com/article/greenfin-interview-conversation-un-head-climate-risk-and-tcfd>

Spring Budget: Chancellor unveils £20bn CCS funding, energy relief support and nuclear package

<https://www.edie.net/spring-budget-chancellor-unveils-20bn-ccs-funding-energy-relief-support-and-nuclear-package/>

The influence of climate induced inflation

<https://tribeimpactcapital.com/impact-hub/the-influence-of-climate-induced-inflation/>

Aviva Investors names head of climate policy

<https://www.investmentweek.co.uk/news/4077450/aviva-investors-names-head-climate-policy>

Climate Change Committee:

A reliable, secure and decarbonised power system by 2035 is possible – but not at this pace of delivery

<https://www.theccc.org.uk/2023/03/09/a-reliable-secure-and-decarbonised-power-system-by-2035-is-possible-but-not-at-this-pace-of-delivery/>

Nearly All Large Global Companies Disclose ESG Information

<https://tax.thomsonreuters.com/news/nearly-all-large-global-companies-disclose-esg-information/>

Deep Dive: Future of infrastructure investing will rely on an ESG lens

<https://www.investmentweek.co.uk/feature/4077312/deep-dive-future-infrastructure-investing-rely-esg-lens>

Can regulation open the floodgates for green finance?

<https://www.edie.net/can-regulation-open-the-floodgates-for-green-finance/>

Schroders to lunch UK's first LTAF following FCA approval

<https://www.investmentweek.co.uk/news/4077274/schroders-launch-ltaf-following-fca-approval>

Vanguard slammed for 'violating fiduciary duties' on climate change

<https://www.investmentweek.co.uk/news/4077040/vanguard-slammed-violating-fiduciary-duties-climate-change>

Ocean treaty: Historic agreement reached after decade of talks

<https://www-bbc-com.cdn.ampproject.org/c/s/www.bbc.com/news/science-environment-64815782.amp>

Investors channel funds to safeguard biodiversity

<https://www.ft.com/content/d50fc9f9-a9f0-4b5b-b64d-49a954d56a21>

Vanguard, BlackRock and other investors accused of 'treading water' on ESG issues

<https://www.edie.net/vanguard-blackrock-and-other-investors-accused-of-treading-water-on-esg-issues>

FCA challenged on backdoor for fossil fuel firms

<https://www.esginvestor.net/fca-challenged-on-backdoor-for-fossil-fuel-firms/>

Green Finance Institute: Promoting the international interoperability of a UK green taxonomy

<https://www.greenfinanceinstitute.co.uk/news-and-insights/uk-must-act-now-to-secure-role-as-worlds-leading-net-zero-financial-centre/>

'Ignoring scientific truths': BNP Paribas faces legal action over climate strategy'

<https://www.investmentweek.co.uk/news/4076517/ignoring-scientific-truths-bnp-paribas-legal-action-climate-strategy>

FCA dismisses fund industry 'green bubble' disaster talk in SDR grilling

<https://esgclarity.com/fca-green-washing-investing/>

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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