



# 'A guided tour of sustainable, responsible and ESG investments'

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Founder SRI Services & Fund EcoMarket



2 November 2023



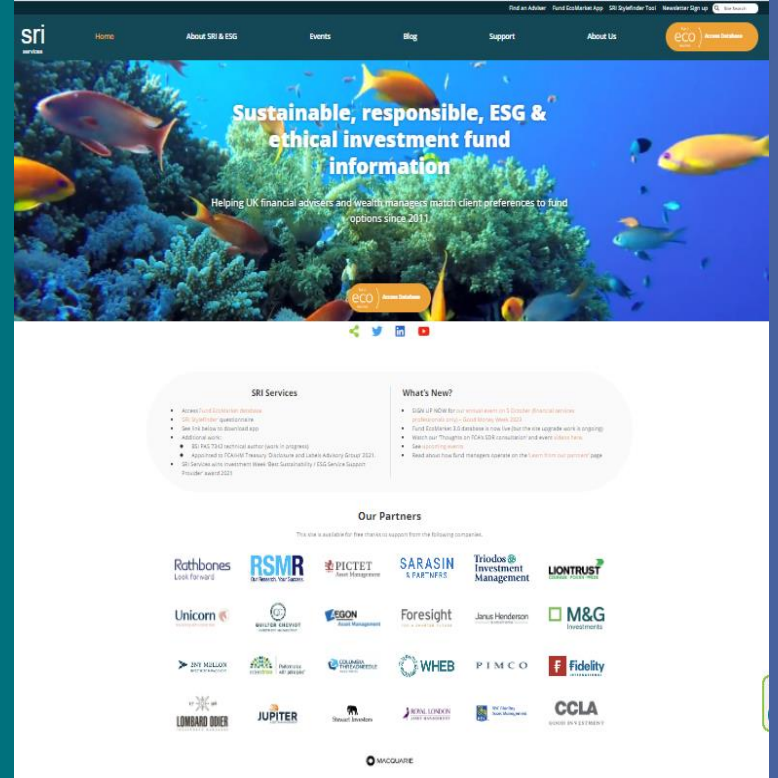
Session time:

12.05 – 12.35



# Who am I to talk...?

- Specialised since 1990's
- Run independent adviser /wealth manager focused business & Fund EcoMarket database since 2010
  - Share data with Fidelity & ii
  - Work with eg Parmenion, PIMFA, RSMR
- FCA DLAG member since 2021
- Writing fund PAS 7342 for BSI
- On new PFS Sustainable Financial Advice panel (2023)
  - Previously on not-for-profit UKSIF board (10y total)
  - ... Former broker consultant, SRI Marketing Manager at Friends Provident (1996-2008)



# Learning Objectives

- To recognise the **key features** of the sustainable investment & ESG landscape and their **relevance** to financial services
- To gain an understanding of **key drivers of change** - and that change will remain a constant feature of the investment landscape
- To equip advisers to have **better conversations** about sustainable investments with clients



# First ethical fund launched in 1984



Opinions & methods may vary – but was this ever really ‘niche’?





# What has changed?

Bigger risks & opportunities – increased urgency

The header of the Ellen MacArthur Foundation website. It features the foundation's logo on the left, a navigation menu with 'Circular economy', 'Our work', and 'About us' on the right, and a search icon. The background is dark with abstract, glowing purple and blue circular patterns on the right side.

ELLEN MACARTHUR FOUNDATION

Circular economy ▾ Our work ▾ About us ▾ En 🔍

## It's time for a circular economy

Through design, we can eliminate waste and pollution, circulate products and materials, and regenerate nature, creating an economy that benefits people, business and the natural world.

What is a circular economy?

# Firmly mainstream - clear public interest

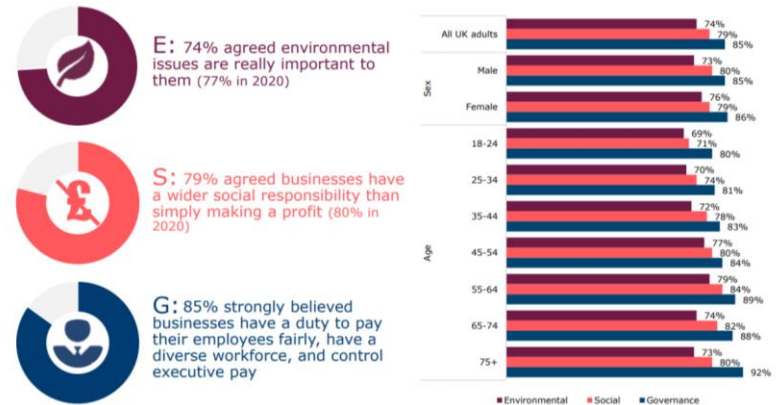
## FCA Financial Lives Survey 2022

‘...at May 2022 79% of consumers think businesses have a wider social responsibility than simply to make a profit’.

<https://www.fca.org.uk/publication/financial-lives/fls-2022-consumer-investments-financial-advice.pdf>

### ESG issues resonated broadly across all age groups in 2022

Proportion of adults who agreed with the following attitudinal statements about ESG issues (2022)



Base: All UK adults (2020:1,829/ 2022:4,182)

43

Question: AT18. How much do you agree or disagree with the following statements?

Note: Comparable 2020 data not available for those who strongly believe 'businesses have a duty to pay their employees fairly, have a diverse workforce, and control executive pay'

## ONS research Q4 2022

- When asked about a range of issues, **climate change was the second biggest concern** facing adults in Great Britain (74%), with the rising cost of living being the main concern (79%).
- **Around three in four adults (74%) reported feeling (very or somewhat) worried about climate change**; the latest estimate is similar compared with the percentage who said they felt worried (75%) around a year ago.
- **Around 1 in 10 people (9%) felt unworried** (somewhat unworried or not at all worried) about climate change, higher than a year ago when it was 6%, and around one in five (17%) said they were neither worried nor unworried.

<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/worriesaboutclimatechangegreatbritain/septembertoocto2022>

Requires shift in narrative for advice profession



# What about 'Anti ESG' & 'Woke Capitalism'...? & 'inactivists'



"Globally, fossil fuel subsidies were \$7 trillion or 7.1 percent of GDP in 2022, reflecting a \$2 trillion increase since 2020 due to government support from surging energy prices" (£13m / minute)  
www.imf.org

**Florida adopts anti-ESG rule for state's \$186B pension plan** 24 Aug, 2022 S&P Global

[Guess Who Loses After Florida and Texas Bar ESG Banks?](#) 'Banning Wall Street's biggest municipal bond underwriters has foisted a hidden tax on their residents totalling hundreds of millions of dollars'. Bloomberg 13 Feb 2023

**Soaring insurance costs threaten hurricane prone US states...**

'Companies are fleeing Florida as covering property becomes more expensive' FT Moral Money 10 October 2023

'Florida's last resort property insurer is now state's biggest' Bloomberg Law Aug 23



43.1  
million internal weather-related displacements of children over the last six years

20,000  
child displacements per day

95%  
of recorded child displacements due to weather-related events were driven by floods and storms

Unicef report 2023 'Children displaced in a changing climate'  
[www.unicef.org](http://www.unicef.org)





## Too big to ignore

Analysing 'ESG risk' is increasingly BAU ... but different from 'focusing on sustainability issues and outcomes'

FCA's SDR seeks to differentiate between funds that assess ESG risk and those with sustainability objectives - improve client understanding/outcomes.

# Leading voices are sounding the alarm on climate risk modelling & ‘lack of investor urgency’ (Q3 2023)



- Economic papers that inform investment consultant models are at odds with scientific literature (Carbon Tracker), they massively underestimate risk to portfolios & miss tipping points (all)
- Current Net Zero strategies are too influenced by modern portfolio theory and not ‘decision useful’ (EEIST)
- Investors putting too much faith in models – & time is too short to wait for perfect models (IFoA)
- FS community encouraged to contemplate “a ruin scenario of 100% GDP loss” (IFoA)
- Heading for a Minsky Moment
- Pensions (etc) have a role to play in addressing Net Zero and investing for a world that beneficiaries would want to live in. (EEIST)





# Not optional

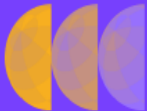
The UK has a legal duty to act on climate ...



Climate Change Act 2008

## A legal duty to act

The [Climate Change Act 2008](#) is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of carbon dioxide and other greenhouse gases are reduced and that climate change risks are adapted to. The Act also establishes the framework to deliver on these requirements. The Act supports the UK's commitment to urgent international action to tackle climate change.



Climate  
Change  
Committee

[www.theccc.org.uk](http://www.theccc.org.uk)

GOV.UK

Topics

[Home](#) > [Environment](#) > [Climate change and energy](#) > [Climate change inte](#)

News story

## UK ratifies the Paris Agreement

Against the backdrop of international climate negotiations in Marrakesh, the Paris Agreement has been ratified by the UK.

From: [Department for Business, Energy & Industrial Strategy](#), [The Rt Hon Greg Clark MP](#), and [The Rt Hon Nick Hurd](#)

Published 18 November 2016



HM Government

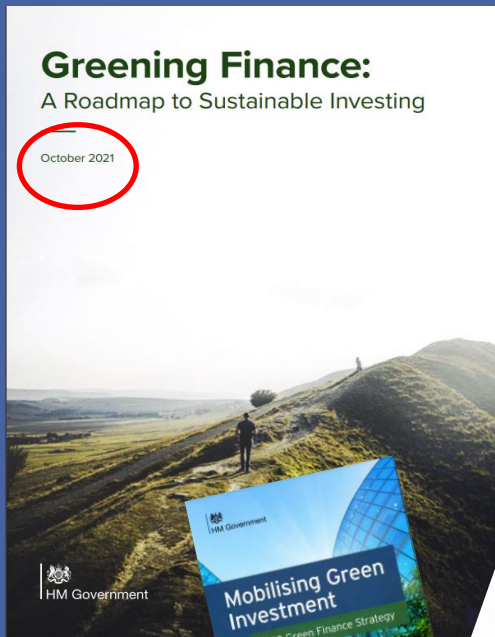


# Net Zero Strategy: Build Back Greener

October 2021



# Government policy (Oct 21) > upcoming regulation



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**Figure B: The framework of the UK Sustainability Disclosure Requirements (SDR)**

SDR is based on an economy-wide framework covering corporates, asset managers, asset owners, and investment products. Figure B outlines what firms will be required to disclose. The government intends to implement the framework through legislation, and relevant government departments and regulators will set out sector-specific requirements through their usual rule-making processes.

	Corporates	Asset Managers and Asset Owners	Investment Products
Governance	Governance around sustainability-related risks, opportunities, and impacts	Governance around sustainability-related risks, opportunities and impacts, and the implications for investment policies, strategies and outcomes	Governance around sustainability-related risks, opportunities and impacts, and the implications for investment products
Strategy	Actual and potential sustainability-related risks, opportunities and impacts for the organisation's business, strategy or financial planning	Actual and potential implications of sustainability-related risks, opportunities and impacts for the organisation's investment policies, strategies, and outcomes	Actual and potential implications of sustainability-related risks, opportunities and impacts for investment outcomes
Risk Management	Processes used to identify, assess, and manage sustainability-related risks, opportunities, and impacts	Processes used to identify, assess, and manage sustainability-related risks, opportunities and impacts, and the implications for the organisation's investment policies, strategies, and outcomes	Processes used to identify, assess, and manage sustainability-related risks, opportunities and impacts at product level
Metrics and Targets	Metrics and targets used to assess and manage relevant sustainability-related risks, opportunities, and impacts Performance against targets Taxonomy alignment and relevant supporting information	Metrics and targets used to assess and manage relevant sustainability-related risks, opportunities and impacts, and implications for the organisation's investment policies, strategies, and outcomes Performance against targets (where relevant) Taxonomy alignment and relevant supporting information based on underlying investments	Product-level metrics and performance indicators on sustainability-related risks, opportunities, and impacts Performance against targets (where relevant) Product-level Taxonomy alignment and relevant supporting information based on underlying investments



# 'Sustainability Disclosure Requirements & investment labels' consultation

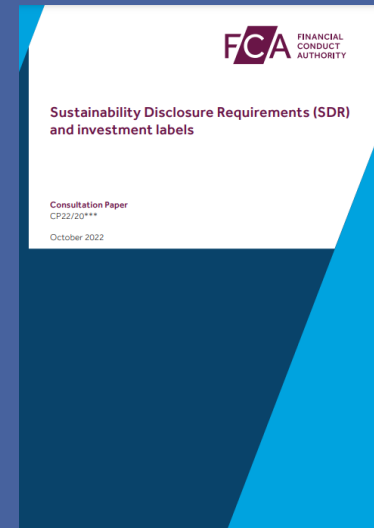


(FCA's DP22/20 Oct 2022)

## What the FCA 'wants' to change: (p5)

1. Sustainable investment labels (for consumers)
2. Consumer facing disclosures
3. Detailed disclosures
  - (pre-contractual, ongoing fund sustainability perf info, sustainability 'entity' report)
4. Naming and marketing rules
5. Requirements for distributors
6. General 'anti-greenwash' rule


Figure 4 – Sustainable investment labels



Reporting Q4 2023

# Recent improvements ...

International sustainability reporting standards > better data  
(UK) Transition framework > Ambition, Action, Accountability > faster shift



Home > News > ISSB issues inaugural global sustainability disclosure standards

26 June 2023

## ISSB issues inaugural global sustainability disclosure standards

The International Sustainability Standards Board (ISSB) has today issued its inaugural standards—IFRS S1 and IFRS S2—ushering in a new era of sustainability-related disclosures in capital markets worldwide. The Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions.



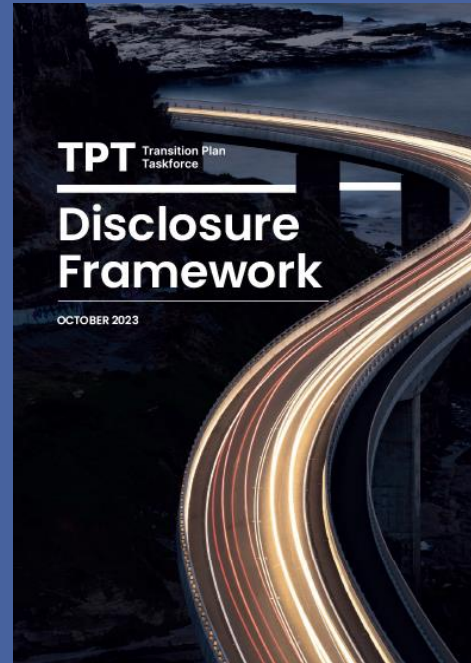
ABOUT US | AROUND THE WORLD | ISSUED STANDARDS | APPLYING STANDARDS | PROJECTS | NEWS & EVENTS | SERVICES | SUSTAINABILITY

Home > IFRS Sustainability Standards Navigator > IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

## IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Follow

Standard 2023 Issued



TPT Transition Plan Taskforce

## Disclosure Framework

OCTOBER 2023



### The TPT Recommendations

Supporting firms to prepare robust transition plans that build on IS

The TPT disclosure framework

The transition from carbon-intensive activities to a net-zero economy is a complex process. It requires a clear understanding of the risks and opportunities associated with climate change, and a commitment to transparency and accountability. The TPT disclosure framework provides a structured approach to this process, helping firms to identify and disclose the most material climate-related risks and opportunities. It also provides a clear framework for the disclosure of transition plans, ensuring that they are robust and credible. The framework is designed to be flexible and scalable, allowing firms of all sizes and in all sectors to use it. It is a key tool for investors, analysts, and other stakeholders to assess the climate resilience of companies and to make informed investment decisions.

Materiality	1. Financial	2. Environmental	3. Social	4. Governance
1. Financial	1.1 Financial	1.2 Environmental	1.3 Social	1.4 Governance
2. Environmental	2.1 Financial	2.2 Environmental	2.3 Social	2.4 Governance
3. Social	3.1 Financial	3.2 Environmental	3.3 Social	3.4 Governance
4. Governance	4.1 Financial	4.2 Environmental	4.3 Social	4.4 Governance

For reporting periods from January 2022, listed issuers must disclose the most material climate-related risks and opportunities. The TPT disclosure framework provides a structured approach to this process, helping firms to identify and disclose the most material climate-related risks and opportunities. It also provides a clear framework for the disclosure of transition plans, ensuring that they are robust and credible. The framework is designed to be flexible and scalable, allowing firms of all sizes and in all sectors to use it. It is a key tool for investors, analysts, and other stakeholders to assess the climate resilience of companies and to make informed investment decisions.

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## Words & concepts matters:

- **Sustainability / sustainable** (can go on & on)
- **ESG / ESG focus** (risk focus)
- **Impact** (real world outcomes)
- **Stewardship** (engagement & responsible ownership)
- **Ethical** (personal values)
- **Screen** (favour or avoid named areas)
- **Tilt** (overweight / underweight)
- **Integrated** (also consider...)
- **Double materiality** – considering the impact of real-world issues on investments - and investment on the real world
- **Greenwash** – overstating environmental credentials for business benefit
- **Intentionality** – funds specifically aiming to improve things
- **Transitioning / Transition plan** – moving (planning shift) towards a sustainable business model

# Key concept to discuss with clients - 'fight or flight' 'Divest or Engage'



(some decisions are easier than others)

## Fund basics:

### Issues

Environmental  
Social  
(Governance)  
(Ethical)

### Approaches

Avoid  
Support  
Engage



Figure 4 – Sustainable investment labels





# Helping you meet clients' personal preferences

www.sriServices.co.uk  
website and  
Fund EcoMarket  
database



The screenshot shows the homepage of sri services. The header includes navigation links: Home, About SRI & ESG, Events, Blog, Support, and About Us. There is also a search bar and a 'eco Access Database' button. The main banner features a vibrant underwater scene with colorful fish and coral. The headline reads: "Sustainable, responsible, ESG & ethical investment fund information". Below the headline, it states: "Helping UK financial advisers and wealth managers match client preferences to fund options since 2011". There is another 'eco Access Database' button in the banner. Below the banner are social media icons for Facebook, Twitter, LinkedIn, and YouTube. The main content area is divided into two columns: "SRI Services" and "What's New?".

**SRI Services**

- Access Fund EcoMarket database
- Get SRI/ethical questionnaires
- See FAQs below to download app
- Additional work:
  - SRI P45.7343 technical author (work in progress)
  - Appointed to PCAWG Treasury Disclosure and Label Advisory Group 2021
- SRI Services work Investment Week: Best Sustainability / ESG Service Support Provider award 2021

**What's New?**

- SIGN UP NOW for our annual event on 5 October: Financial services professionals - 2021 - Good Money Week 2021
- Fund EcoMarket 3.0 database is now live (but the site upgrade work is ongoing)
- Watch our 'Thoughts on PCAW SDG consultation' and where [click here](#).
- See [upcoming events](#)
- Read about how fund managers operate on the [learn from our partners](#) page

**Our Partners**

This site is available for free services support from the following companies.


**MCCQUARE**





# Filters & fund / fund manager disclosures – direct from fund managers

Est 2010

V3.0 2023

Information received directly from Fund Manager

Please select what you would like to read:

Sustainability & Environmental: Coal, oil & / or gas majors excluded

Displaying 595 of 1265 options from Fund EcoMarket

Print	Fund Name	SRI Style	Product	Region	Asset Type	Launch Date	More Info
<input type="checkbox"/>	Pictet ReGeneration Fund	Sustainability Focused	SICAW/Offshore*	Global	Equity	28/02/2023	<a href="#">More Info</a>
<input type="checkbox"/>	CT Sustainable Universal MAP Adventurous Fund (CT) (was BMO)	Sustainability Focused	OEIC/Unit Trust	Global	Mixed Asset	17/03/2021	<a href="#">More Info</a>
<input type="checkbox"/>	PIMCO GIS Global Bond ESG Fund	ESG Plus	SICAW/Offshore*	Global	Fixed Interest	12/01/2017	<a href="#">More Info</a>
<input type="checkbox"/>	Triodos Global Equities Impact Fund	Sustainability Focused	SICAW/Offshore*	Global	Equity	30/04/2013	<a href="#">More Info</a>
<input type="checkbox"/>	Royal London Sustainable Managed Growth Trust	Sustainability Focused	OEIC/Unit Trust	UK	Mixed Asset	04/12/2012	<a href="#">More Info</a>
<input type="checkbox"/>	Royal London Sustainable Growth Fund	Sustainability Focused	OEIC/Unit Trust	Global	Mixed Asset	24/05/2022	<a href="#">More Info</a>
<input type="checkbox"/>	EdenTree Responsible & Sustainable European Equity Fund	Ethical	OEIC/Unit Trust	Europe ex UK	Equity	13/09/1999	<a href="#">More Info</a>
<input type="checkbox"/>	COIF Charities Ethical Investment Fund (CCLA)	Ethical	Charities	Global	Equity	31/12/2009	<a href="#">More Info</a>
<input type="checkbox"/>	Stewart Investors Global Emerging Markets Sustainability Fund	Sustainability Focused	SICAW/Offshore*	Global			
<input type="checkbox"/>	EdenTree Responsible & Sustainable Sterling Bond Fund						
<input type="checkbox"/>	Liontrust Sustainable Future Corporate Bond	Sustainability Focused	OEIC/Unit Trust	UK	Fixed Interest	19/02/2001	<a href="#">More Info</a>
<input type="checkbox"/>	M&G Global Sustain Paris Aligned Fund	Sustainability Tilt	OEIC/Unit Trust	Global	Equity	19/12/1967	<a href="#">More Info</a>
<input type="checkbox"/>	Fidelity Sustainable Global Corporate Bond Paris-Aligned Multi-Factor UCITS ETF	Limited Exclusions	ETF	Global	Fixed Interest	23/03/2021	<a href="#">More Info</a>
<input type="checkbox"/>	Stewart Investors Asia Pacific Sustainability Fund	Sustainability Focused	OEIC/Unit Trust	Asia Pacific	Equity	19/12/2005	<a href="#">More Info</a>
<input type="checkbox"/>	Quilter Cheviot Climate Assets Balanced Fund	Sustainability Focused	OEIC/Unit Trust	Global	Mixed Asset	01/03/2010	<a href="#">More Info</a>

Filters

Policy

Process

Corporate

Dialshifter

Literature

# Moving forward



- **Things are changing fast now** - creating risks & opportunities
- **This is complex & dynamic** – don't over promise - disclosures and labels will help, interested clients will know this is complex
- **Focus on the science ... then regs** – the planet does not care about benchmarks, marketing – or short-term performance
- **Consumer Duty and SDR** will align
- **Investors hold the key** to the future clients want
- **This afternoon's** session will explore bringing this into your business

14:10 – 14:40 'Expert perspectives (panel) on sustainable and ESG investments'

## New PFS / CII activity:

- 10 member 'PFS Sustainable Financial Advice Panel', Chaired by CEO Don MacIntyre
- Aiming to enhance advice standards & client outcomes through leadership, education, guidance and setting new standards
- Launched Oct 2023 - e-learning course & member survey





**This is important**

**You are a VITAL link in the chain  
advise for 'the future clients want to live in'**



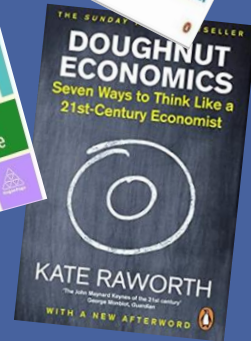


# Thank you for listening!

Julia Dreblow

[www.sriServices.co.uk](http://www.sriServices.co.uk)

[www.sriServices.co.uk/about-sri/learn-from-our-partners/](http://www.sriServices.co.uk/about-sri/learn-from-our-partners/)



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We are not regulated  
or authorised to offer  
advice.