



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

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Hello from ESG Accord

“When the facts change, I change my mind. What do you do sir?”  
(John Maynard Keynes)

A couple weeks ago we were preparing some notes for an upcoming meeting and discussing the use of the term *impact* within fund labelling. The difficulty of categorising what this term even means. In many cases it is used to describe funds that do not have an explicit mandate to invest for positive impact. All too often the process is - buy stock first, look for impact later.

### News updates:

A weekend read for sure. This 564 page report arrived last week:

“A Legal Framework for Impact.” Released by Freshfields Bruckhaus Deringer (Freshfields) and commissioned by the PRI, UNEP FI and Generation Foundation.

[https://www.unepfi.org/wordpress/wp-content/uploads/2021/07/A-Legal-Framework-for-Impact\\_Report.pdf](https://www.unepfi.org/wordpress/wp-content/uploads/2021/07/A-Legal-Framework-for-Impact_Report.pdf)

The report introduces and explores IFSI - this is ‘investing for sustainability impact’. The report is major. It provides a legal framework for institutional investors internationally seeking to address key environmental and social sustainability challenges. The report also sets out the opportunities for policy reform.

“This report is the first of its kind. This detailed legal analysis shows investors they should feel empowered to rethink old investment paradigms by considering risk, return and impact as the pillars of successful investment practice,” commented David Blood, Senior Partner, Generation Investment Management.

The report says; the PRI, UNEP FI and The Generation Foundation are launching a 3-year work programme to translate the findings of the report into jurisdiction-specific engagement with policymakers, lawyers and investors on investing for sustainability impact, so we can work together to accelerate change.

Overview from UNEP FI

<https://www.unepfi.org/legal-framework-for-impact/>

Press Release

<https://www.unep.org/news-and-stories/press-release/major-international-legal-report-backs-growing-institutional>

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Excited to share that we have been shortlisted as a finalist in the Investment Week Sustainable & ESG Investment Awards 2021!

Our category is - Best Sustainable & ESG Support Services Provider or Consultancy.

<https://www.investmentweek.co.uk/>

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 ESG or Sustainability, please contact us [admin@esgaccord.co.uk](mailto:admin@esgaccord.co.uk)

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FCA letter: Authorised ESG & Sustainable Investment Funds: improving quality and clarity.

We agree that it is absolutely essential that funds which include sustainability and ESG in their marketing do describe investment strategies clearly and goals are substantiated.

<https://www.fca.org.uk/publication/correspondence/dear-chair-letter-authorised-esg-sustainable-investment-funds.pdf>

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IOSCO asks for feedback on Consultation Paper for proposed recommendations regarding ESG Ratings & Data Providers. The report aims to assist understanding the activities of Ratings & Data Providers and to establish frameworks to mitigate risks from activities.

<https://www.iosco.org/news/pdf/IOSCONEWS613.pdf>

Read the CP here - <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD681.pdf>

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G20 Environment Ministers Final Communique on post 2020 - recognition of the critical need to address interconnected environmental crises - climate change, biodiversity loss and pollution.

Section X.22, Sustainable Finance, note of TNFD

[https://www.g20.org/wp-content/uploads/2021/07/2021\\_07\\_22\\_ITG20\\_ENV\\_Final.pdf](https://www.g20.org/wp-content/uploads/2021/07/2021_07_22_ITG20_ENV_Final.pdf)

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Christiana Figueras - founding partner of Global Optimism - UN's climate chief from 2010-2016;

100 days to COP26, the Paris agreement pledges are crucial

<https://www.ft.com/content/a4cf5b10-17ad-42a9-9a3d-f678f3d443da>

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Another great article by Elizabeth Meager for Capital Monitor. TNFD and a min price on natural capital (clean water/air etc) so that the market can factor environmental/biodiversity cost and risks.

<https://capitalmonitor.ai/factor/environmental/policymakers-under-intense-pressure-to-put-a-price-on-biodiversity/>

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It will be interesting to see what happens with mandatory TCFD and tightened FCA fund authorisations -

Sustainable investment assets fell to \$12 trillion in Europe during 2020 from \$14 trillion in 2018, the report states. The decline isn't the result of dampened investor enthusiasm for ESG investments, it's because policy makers have tightened the parameters for what can be considered a responsible investment, said Simon O'Connor, chair of the GSIA.

<https://www.bloomberg.com/news/articles/2021-07-18/european-esg-assets-shrank-by-2-trillion-after-greenwash-rules>

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Great article by Mike Myers from Psigma - active over passive for ESG / SF

<https://www.psigma.com/2021/07/19/why-we-choose-active-managers-when-it-comes-to-esg/>

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Investors' exposure to government bonds from countries associated with human rights violations highlights the limitations of shareholder engagement

<https://capitalmonitor.ai/asset-class/fixed-income/sovereign-bound/>

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The rise and scale of Impact;

A new taskforce backed by the UK government will aim to push impact investing worldwide – especially in Africa – and work towards globally accepted reporting standards by the end of the year.

<https://www.pioneerspost.com/news-views/20210712/nick-hurd-leads-impact-taskforce-boost-impact-investing-during-uk-g7-presidency>

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Previous periods of rapid warming millions of years ago drastically altered plants and forests on Earth. Now, scientists see the beginnings of a more sudden, disruptive rearrangement of the world's flora – a trend that will intensify if greenhouse gas emissions are not reined in.

<https://e360.yale.edu/features/as-climate-warms-a-rearrangement-of-worlds-plant-life-looms>

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Bringing TNFD up with TCFD -

A New Global Framework for Managing Nature Through 2030: 1st Detailed Draft Agreement Debuts. 12 July 2021 – The UN Convention on Biological Diversity (CBD) Secretariat today released the first official draft of a new Global Biodiversity Framework to guide actions worldwide through 2030 to preserve and protect nature and its essential services to people.

- Still a work in progress, the Global Biodiversity Framework will ultimately advance to UN Convention on Biological Diversity's COP-15 for consideration by 196 member Parties
- 21 targets, 10 'milestones' proposed for 2030 en route to 'living in harmony with nature' by 2050; Include conserving and protecting at least 30% of Earth's lands and oceans.

<https://www.un.org/sustainabledevelopment/blog/2021/07/a-new-global-framework-for-managing-nature-through-2030-1st-detailed-draft-agreement-debuts/>

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Lords call for action on gender pensions gap; state pension corrections to be made by 2024

Baroness Ros Altmann queried how the government plans to narrow the gender pensions gap, and what assessment has been made of the under-payments of state pension to married women and to the reduced private pension contributions associated with female work patterns in development of those plans.

<https://pensionsage.com/pa/Lords-call-for-urgent-action-on-Gender-pensions-gap-state-pension-underpayments-to-be-made-by-2024.php>

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UK Transport Secretary announced today the government's new Transport decarbonisation plan, this sets a widespread roadmap to achieve net zero emissions across the transportation sector

<https://www.esgtoday.com/uk-aims-for-net-zero-across-road-rail-and-aviation-with-new-transport-decarbonisation-plan/>

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We'd love to hear from you! Please get in touch via [admin@esgaccord.co.uk](mailto:admin@esgaccord.co.uk) if you have any topics or questions you'd like covered in our newsletter.