



...YOUR COMPLIANCE, ESG & SUSTAINABILITY IN ACCORD

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Hello from ESG Accord

Starting thoughts for you today are:

Climate and Biodiversity are two crises interconnected. Like Double Materiality has 'Directions', both Climate and Biodiversity should be considered in their own right and as interconnected elements. Environmental and Social elements should not be de-prioritised on the basis of not being financially material and being considered 'material' should not require the convergence of the two sides. Climate and Biodiversity co-exist and reporting on both is essential the same way that Sustainability reporting and financial reporting are interconnected.

News updates:

Finalist for the Professional Adviser 2021 Women in Financial Advice Awards in the Adviser Support Services category!
[Revealed: The second set of shortlists for 2021 Women in Financial Advice Awards \(professionaladviser.com\)](#)

Great overview doc. Link to GRI Double materiality high level policy dialogue - Key takeaways white-paper

<https://www.globalreporting.org/media/wgapz4ya/double-materiality-high-level-policy-dialogue-key-takeaways-white-paper.pdf>

The Biden administration is committing more than \$3 billion in new funding for local governments to increase their resilience to climate change

<https://www.reuters.com/world/us/biden-giving-states-more-than-3-billion-climate-resilience-2021-08-05/>

The Senate gave overwhelming bipartisan approval on Tuesday to a \$1 trillion infrastructure bill to rebuild the nation's deteriorating roads and bridges and fund new climate resilience and broadband initiatives

<https://www.nytimes.com/2021/08/10/us/politics/infrastructure-bill-passes.html>

'No place to hide': pressure on Australia to end support for new fossil fuel projects after IPCC report
Climate campaigners say dire landmark findings mean the federal government must abandon gas basin and coal mine expansions

<https://www.theguardian.com/environment/2021/aug/11/no-place-to-hide-pressure-on-australia-to-end-support-for-new-fossil-fuel-projects-after-ipcc-report>

The World Bank Group's approach paper on biodiversity and ecosystem services, *Unlocking Nature-Smart Development*, argues that the global nature crisis is both a systemic risk for development and a development opportunity. The report proposes six global response areas to guide governments and inform broader discussions on how to integrate nature into development planning.

<https://www.worldbank.org/en/news/feature/2021/08/05/investing-in-nature-unlocks-development-benefits>

PRI reporting delayed

The PRI is delaying the start of its first full reporting period until early 2023, while postponing additional minimum requirements for members and engagement with signatories who do not meet those requirements in 2021

Feedback received on the pilot reporting from more than 1,700 signatories; "most signatories signaled that the content of the new framework better captures their responsible investment activities compared to the past. However, the feedback varied between modules and between asset owners and investment managers, with some areas flagged as requiring attention or being less suited to specific signatory types. Moreover, many signatories found that the time and **resources** required to report on the pilot framework was too high."

<https://www.unpri.org/reporting-and-assessment/reporting-framework-pilot-next-steps-for-signatories/8159.article>

Did you know this year has two scheduled COP meetings?

Two crises interconnected - biodiversity and climate. Both need our attention, both require financial disclosures, both need to leverage the power of finance.

(Financial Advisers - get in touch, ESG ACCORD can help you up-skill and embed ESG/Sustainable Finance compliance procedures for best practice 'values-based' client outcomes)

COP15 is in October (Kunming, China) - is for conserving natural life & Biodiversity - so it can be used sustainably and fairly.

COP26, is a month later in November (Glasgow, UK)

and aims – (1) secure global net zero, (2) Adapt to protect communities and natural habitats, (3) Mobilise finance and (4) Work together to deliver these goals

The pandemic delayed COP26 once and COP15 twice! And a third delay is expected for COP15.

At COP15 Delegates will negotiate a draft agreement aiming to protect and conserve at least 30% of the world's land and seas by 2030. In addition, it aims to cut pesticide use by at least two-thirds, halve food waste and eliminate the discharge of plastic waste. Huge.

Biodiversity is a Finance issue; poorer countries understandably want richer nations to help pay for conservation. To reverse the decline of biodiversity by 2030, The Paulson Institute has estimated that the world must spend \$722 billion to \$967 billion each year over the next 10 years. Studies also show \$44tn of global gross domestic product, or roughly half, depends a little or a lot on nature.

<http://sdg.iisd.org/events/2020-un-biodiversity-conference/>

<https://www.ft.com/content/1f00c08f-50cd-4f8d-9aed-7c3264a9623b?desktop=true&segmentId=7c8f09b9-9b61-4fbb-9430-9208a9e233c8#myft:notification:daily-email:content>

Fund inflow -

[Calastone: ESG funds rake in 90% of July equity vehicle inflows \(investmentweek.co.uk\)](#)

ESG survey: Lack of regulatory consistency remains 'significant' challenge for investors -

Given widely-held expectations that ESG and non-ESG products will have few options but to converge, PwC's research team believes ESG fund assets under management could account for more than 50% of mutual fund assets by 2025 - which would display a compound annual growth of 28.8% between 2019 and 2025."

ESG survey: Lack of regulatory consistency remains 'significant' challenge for investors (investmentweek.co.uk)

Interesting points raised here -

[Clive Waller: Advisers should beware of greenwashing | Money Marketing](#)

The UN Intergovernmental Panel on Climate Change (IPCC) has just released its 6th Assessment Report. The IPCC is the international body for assessing the science related to climate change. It was created to provide policymakers with scientific assessments on climate change*.

The Report is highly comprehensive and strongly worded for urgent action. The Summary for Policymakers has been approved by the UN delegates of 195 nations.

Yes, this is high level reporting... BUT is also highly relevant for ALL in the Financial Advice communities. Consider this;

- The UK Regulatory environment has changed, plus more changes are coming
- The investment space has dramatically changed with ever increasing numbers of funds targeting ESG, Responsible, SDG's, Impact, Ethical outcomes
- The UK advice process requires KYC and advice linked to PROD so asking clients about sustainable preferences is the only way to ensure compliance with target markets requirements
- The UK is aiming for EU equivalence; the Delegated Acts now mean asking clients for Sustainability Preferences

A single FF question (or a couple of questions) falls short in all of the above.

*The IPCC reports are drafted and reviewed in several stages, thus guaranteeing objectivity and transparency. The IPCC does not conduct its own research. IPCC reports are neutral, policy-relevant but not policy-prescriptive.

Links below:

Full Report / Summary / Headlines for Policymakers

Bloomberg Green article

Key takeaways via Reuters

<https://www.ipcc.ch/report/ar6/wg1/#SPM>

<https://www.bloomberg.com/news/features/2021-08-09/ipcc-report-human-caused-climate-change-unequivocal>

<https://www.ipcc.ch/report/ar6/wg1/>

<https://www.reuters.com/business/environment/key-takeaways-un-climate-panels-report-2021-08-09/>

EU taxonomy explainer

<https://www.spglobal.com/esg/insights/a-short-guide-to-the-eu-s-taxonomy-regulation>

Issues with carbon offsets - forest fires burn company-linked trees

Forests in the US that generate the carbon offsets bought by companies including BP and Microsoft are on fire as summer blazes rage in North America. Corporate net-zero emission pledges rely on such projects to compensate for the carbon dioxide generated by companies that are unable to make sufficient cuts to their actual emissions

<https://on.ft.com/2V8DBax>

The need for robust due diligence - this article underscores the difficulties and pressure money managers are facing in the ESG/SF fund market: Fired Executive Says Deutsche Bank's DWS Overstated Sustainable-Investing Efforts

<https://www.wsj.com/articles/fired-executive-says-deutsche-banks-dws-overstated-sustainable-investing-efforts-11627810380>

Coral reefs are one of the world's most visible and sensitive barometers of climate change. The ostensible reason for Australia's opposition to the UNESCO listing change is that it would damage tourism

https://www.bloomberg.com/news/articles/2021-07-30/climate-change-is-coming-for-the-great-barrier-reef?cmpid=BBD073021_GREENDAILY&utm_medium=email&utm_source=newsletter&utm_term=210730&utm_campaign=grendaily

Morningstar Report - SFDR: Four Months After Its Introduction - Article 8 and 9 Funds in Review

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.ci.uk

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[https://www.morningstar.com/content/dam/marketing/emea/shared/pdfs/SFDR_The_First_20_Days.pdf?
utm_source=eloqua&utm_medium=email&utm_campaign=&utm_content=30688](https://www.morningstar.com/content/dam/marketing/emea/shared/pdfs/SFDR_The_First_20_Days.pdf?utm_source=eloqua&utm_medium=email&utm_campaign=&utm_content=30688)

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.
