

SRI Services & Partners Annual Good Money Week Event



The sustainable investment event for financial advisers, planners and wealth managers

Event partners:



Hosted by:



Keynotes:



Part of:



Event support:



CPD provider:



Welcome Address

Julia Dreblow

Founder & CEO

SRI Services & Fund

EcoMarket





Welcome to the SRI Services & Partners Good Money Week event 2024

Julia Dreblow

Founder, SRI Services & Fund EcoMarket

C30 years in retail sustainable investment.

Good Money Week co-founder 2009, DLAG member, vice chair

FCA's 'Advisers Sustainability Group', BSI PAS 7342 author

www.FundEcoMarket.co.uk



This presentation is for information purposes only. We are not regulated or authorised to offer

Welcome!

- 16th Good Money Week!
- Thank you for your support!
- Heads up – we will be filming
- Housekeeping – no fire alarm, food (mostly but not all vegetarian/vegan)
- Working together as critical friends – doing what we can to shift the dial, in an imperfect world – for everyone's benefit
- Format: regulation > opportunities
- 6 hours CPD
- Please stay and mingle!

Event Agenda

Fund EcoMarket Database:



10:00 – 10:10 - Welcome – Julia Dreblow – **SRI Services**

10:10 – 10:25 - Good Money Week update – James
Alexander, CEO – **UKSIF**

10:25 – 10:45 - Fund EcoMarket & industry update

10:45 – 11:30 - Fund Manager **Session 1**: Exploring the
new SDR regime and labelling process

11:30 – 11:50 - *Coffee break*

11:55 – 12:25 - Fund Manager **Session 2**: Beyond the labels

12:30 – 13:15 - **MORNING KEYNOTE** – Sacha Sadan,
Director of ESG – **FCA**

13:20 – 14:20 - *Lunch break*

13:35 – 14:05 - ‘Portfolio managers share responses to
recent developments’

14:20 – 14:30 - Welcome back – Julia Dreblow

14:30 – 14:55 - **GUEST SPEAKER** – Mike Clark, Founder &
Director – **Ario Advisory**

14:55 – 15:20 - Fund Manager **Session 3**: Leading change

15:25 – 16:05 - Fund Manager **Session 4**: Articulating
sustainability with confidence

16:05 – 16:25 - *Coffee break*

16:25 – 16:50 - Fund Manager **Session 5**: Leading change

16:50 – 17:15 - **PM KEYNOTE** – Mark Campanale, Founder
– **Carbon Tracker Initiative**

17:15 – 17:30 - Close – Julia Dreblow

17:30 – 20:30 - Drinks reception & canapes

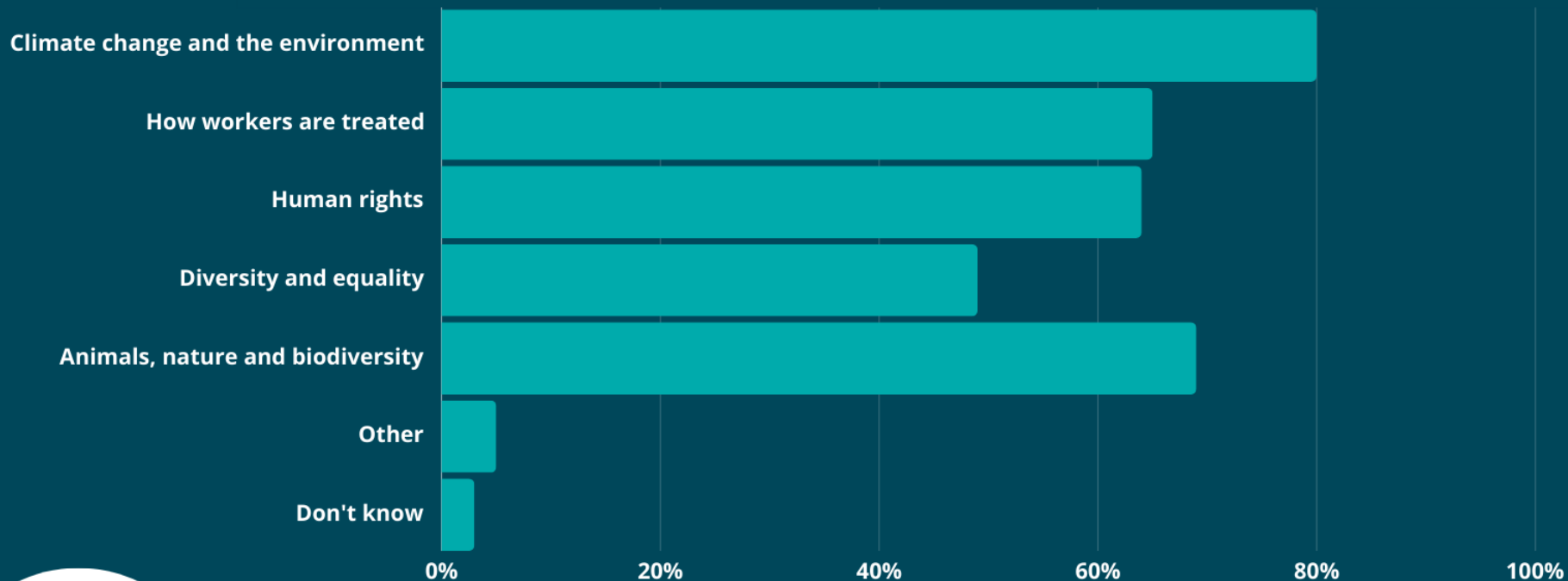
Good Money Week update

James Alexander
CEO
UKSIF

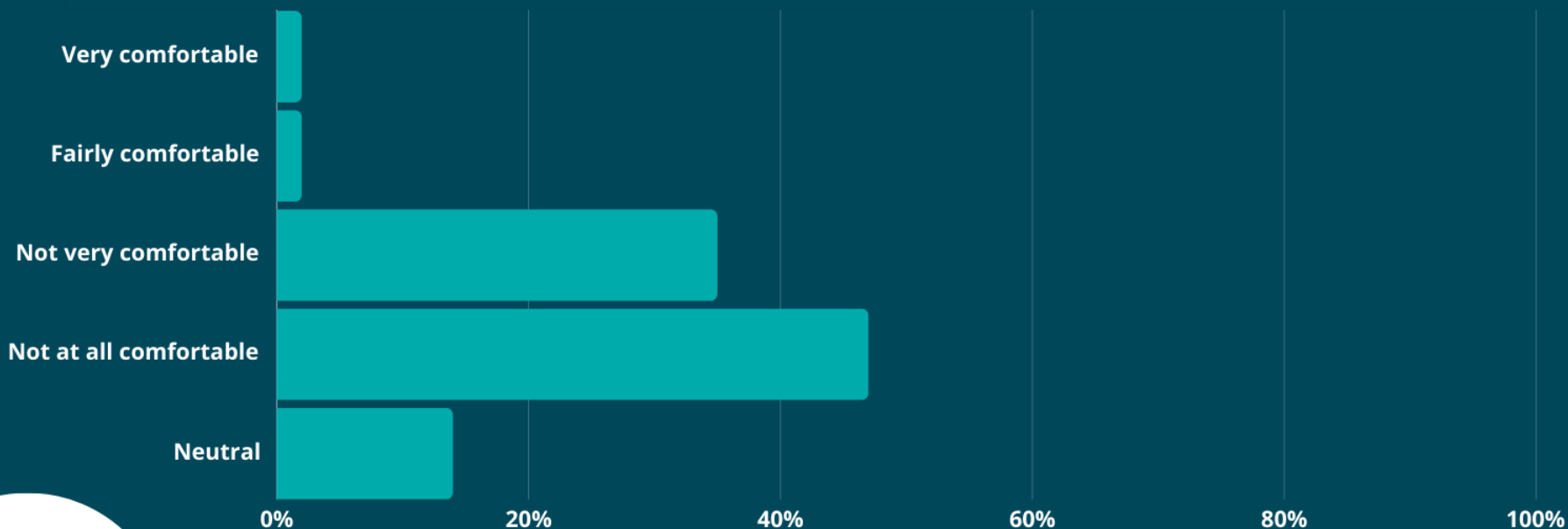
A circular portrait of James Alexander, CEO of UKSIF. He is a man with short brown hair, a beard, and glasses, wearing a white shirt and a grey suit jacket. The portrait is set against a white background and is framed by a thin orange border.

UKSIF
UK Sustainable Investment
and Finance Association

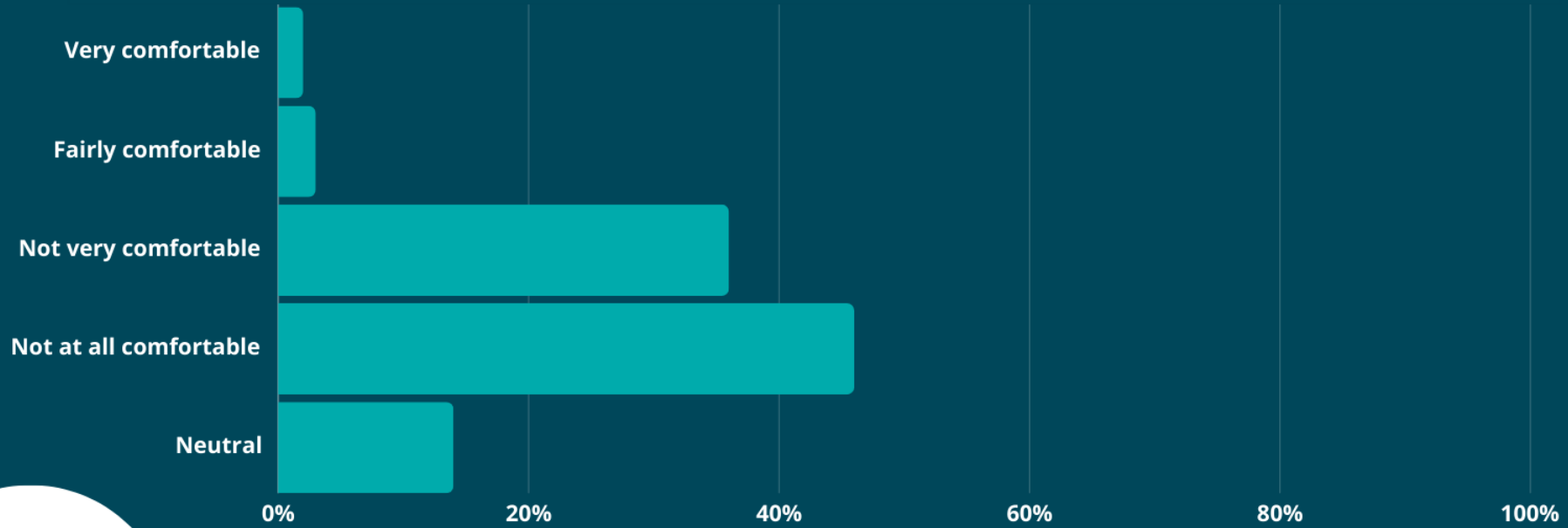
Thinking about your personal values, in what ways do you want your savings, investments and/or pension fund to make a positive difference in the world?



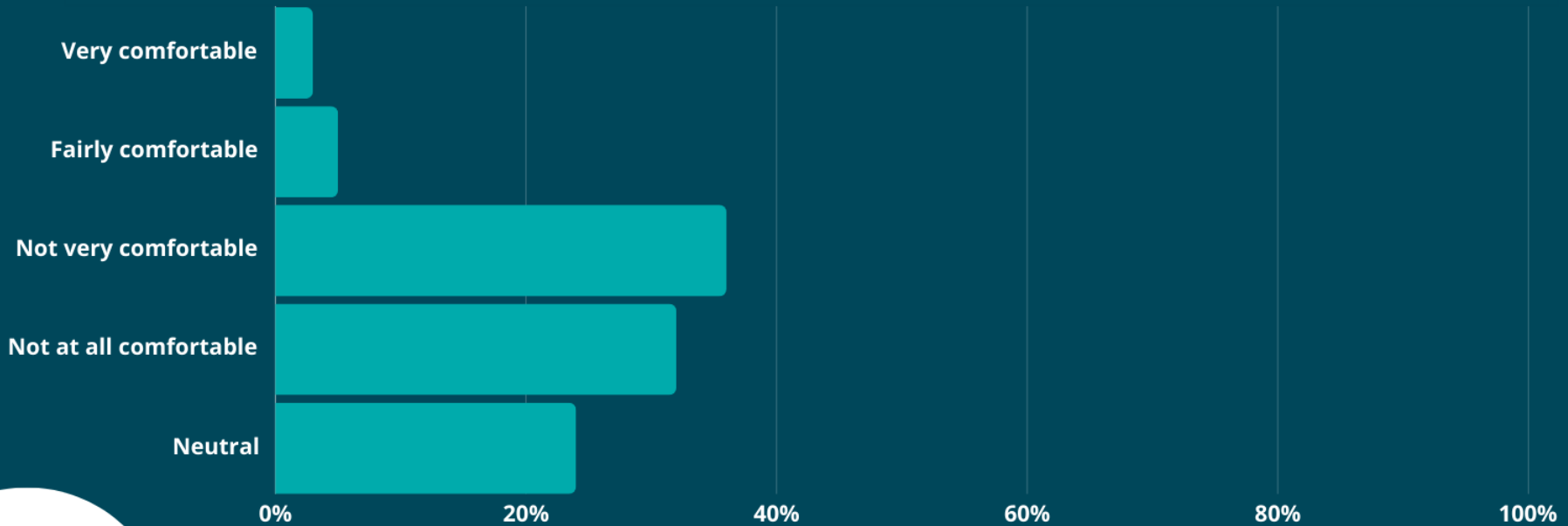
To what extent are you comfortable or not comfortable with your savings/pensions being invested in companies which are treating their workers badly?



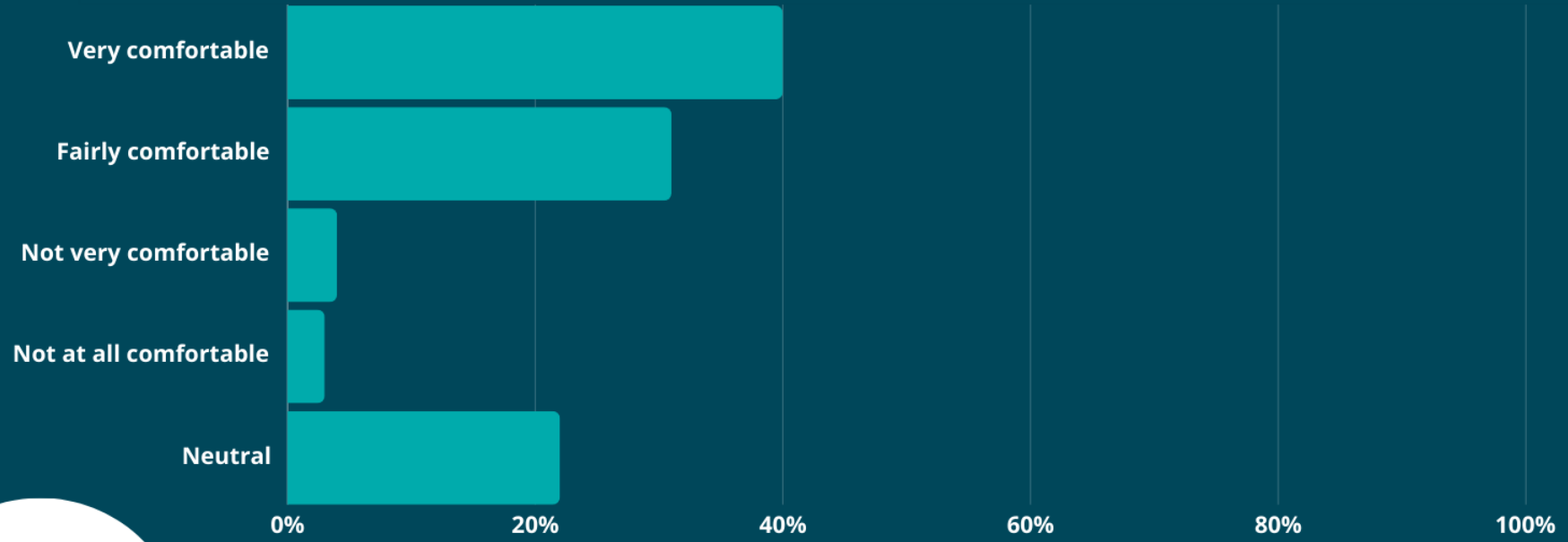
To what extent are you comfortable or not comfortable with your savings/pensions being invested in companies which are treating their customers badly?



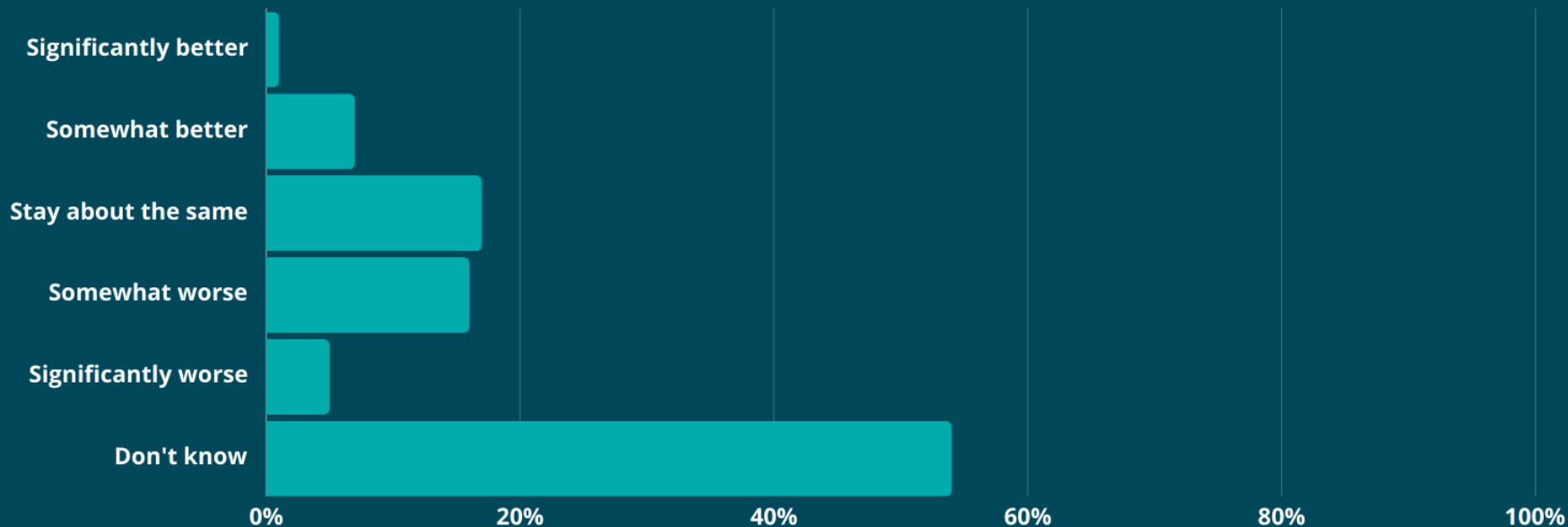
To what extent are you comfortable or not comfortable with your savings/pensions being invested in companies which are negatively impacting the environment and climate?



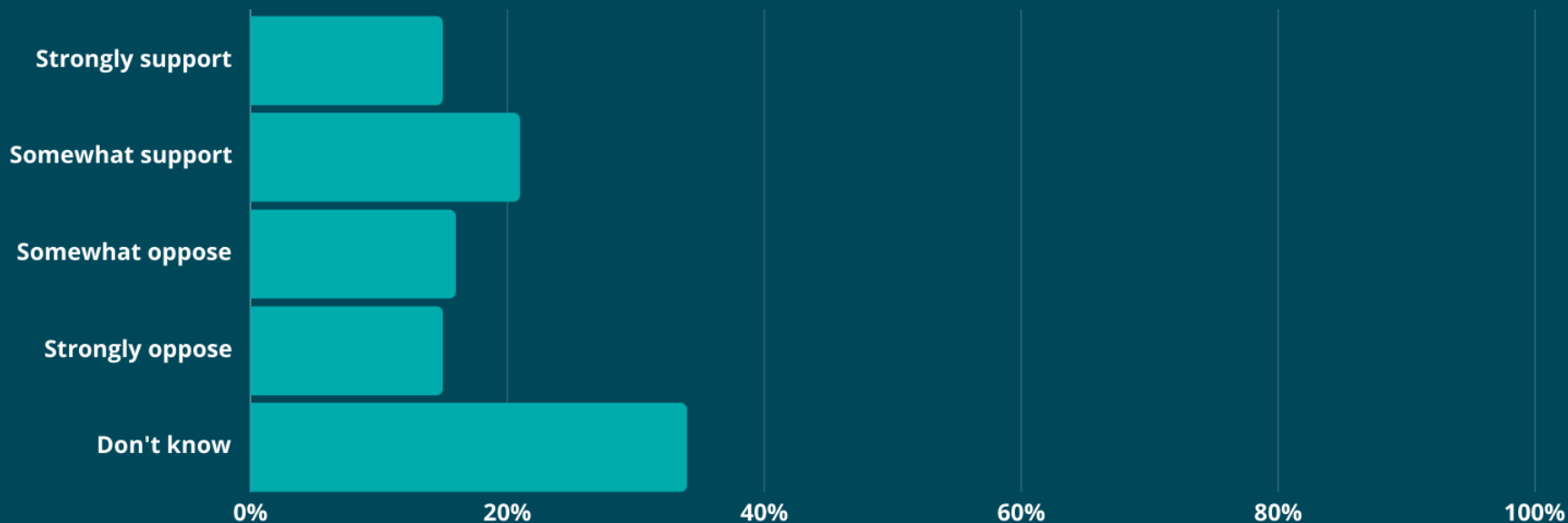
To what extent are you comfortable or not comfortable with your savings/pensions being invested in companies which are helping to solve environment and climate issues?



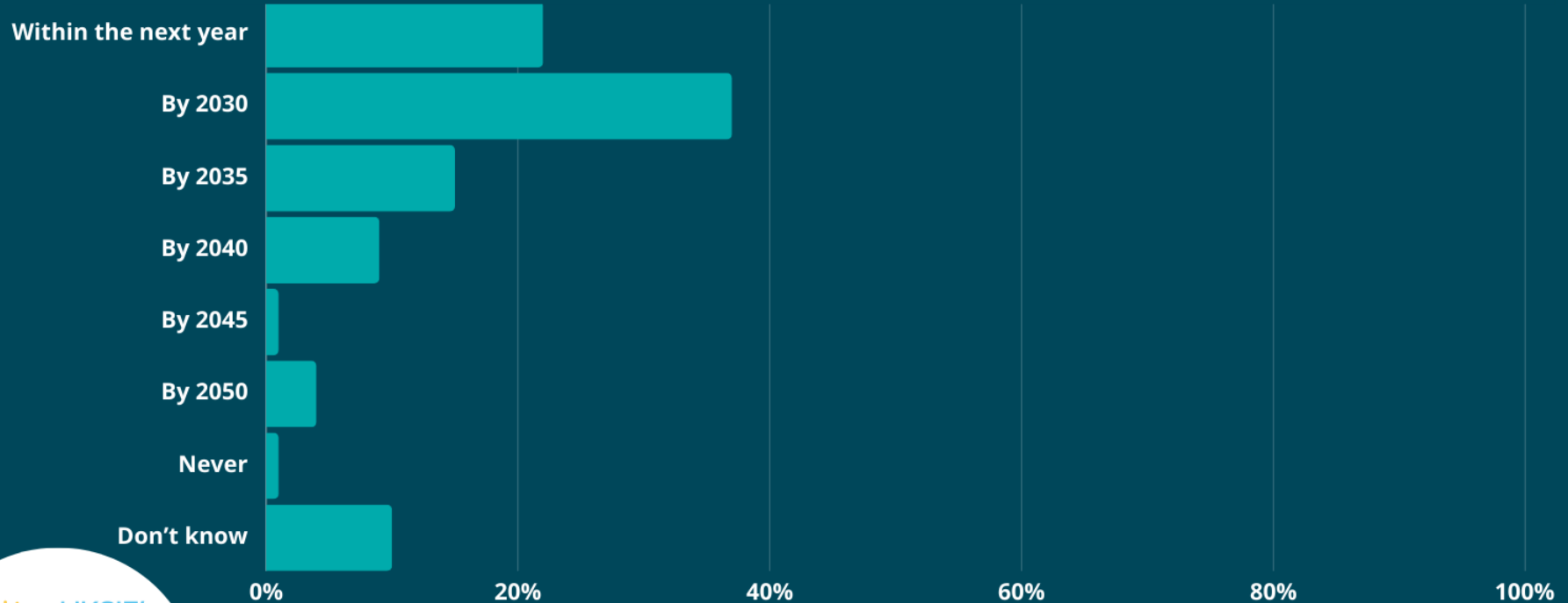
Do you think pension funds that only invest in environmentally sustainable business and industries, perform generally better or worse than those which include environmentally unfriendly business or industries?



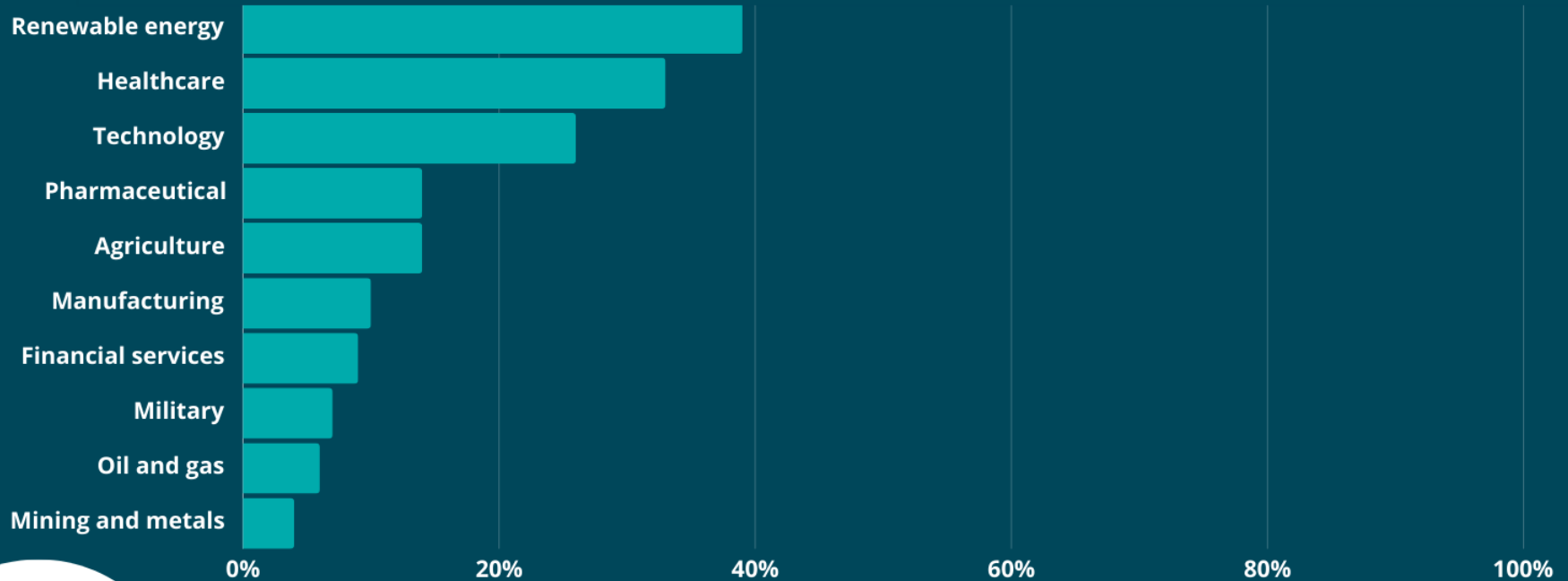
Would you support or oppose UK pension providers to stop investing pensions in the oil and gas industry?



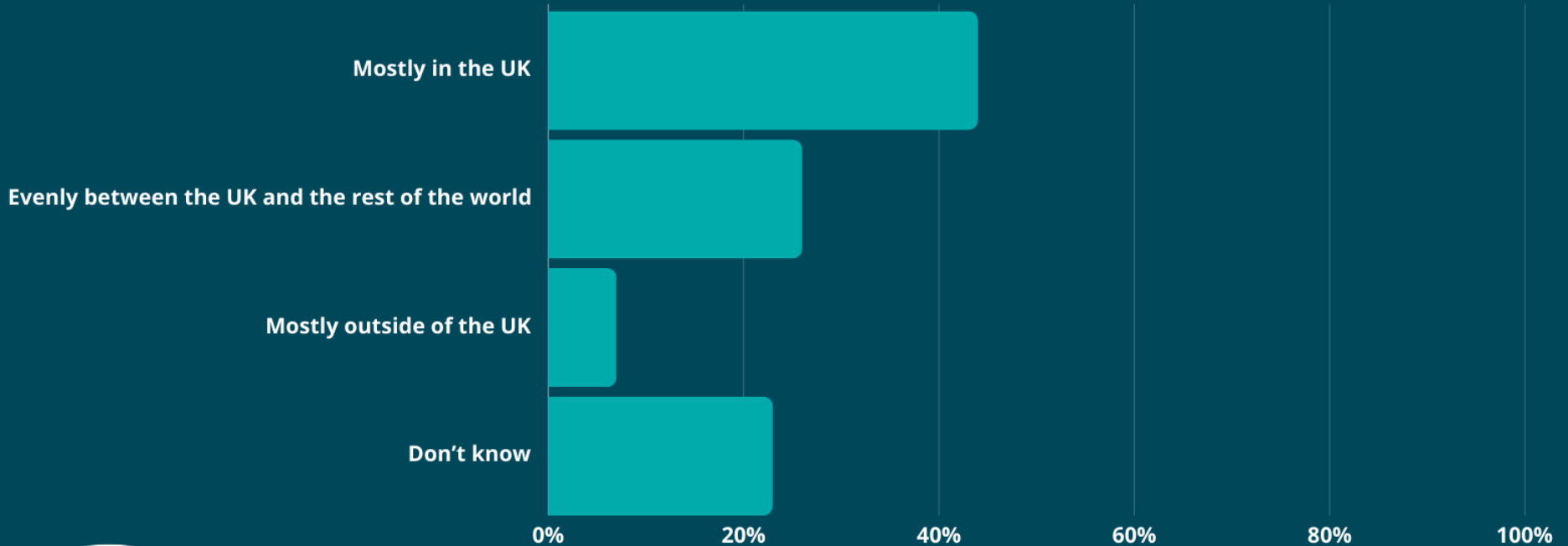
You said you'd support pension providers stopping investments in the oil and gas industry. Within what time frame would you like to see this change happen?



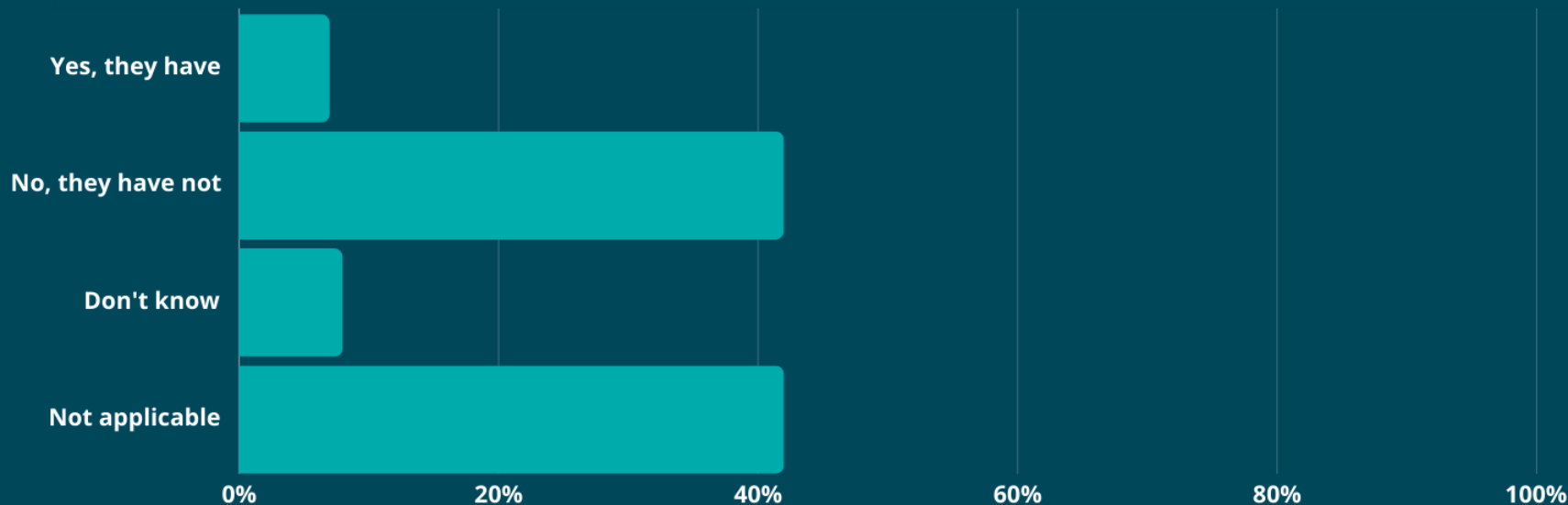
Which of the following industries, if any, would you most like to see your money (including your pension) invested? Please select up to three.



Thinking about your pension, do you want your pension to be invested...

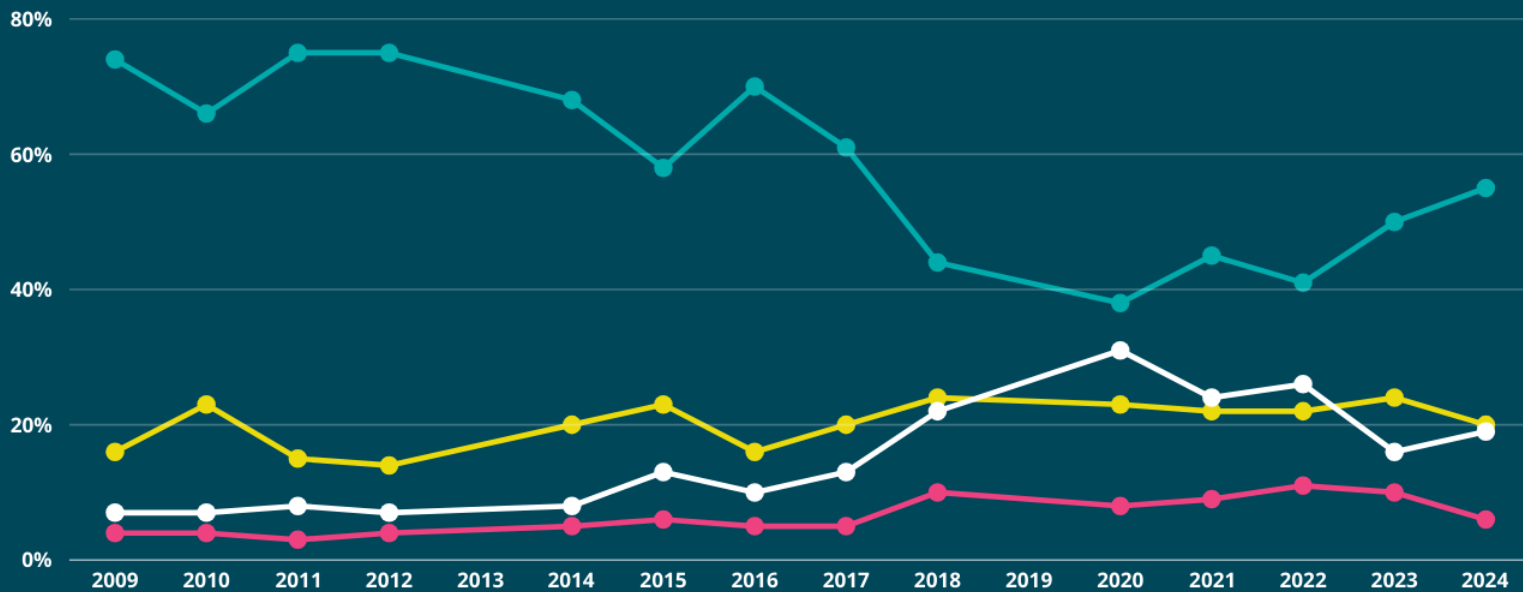


Thinking about your financial investments, has your employer or financial advisor made you aware of environmentally sustainable financial products available?



Considering how and where you invest your money (including green and ethical investments), which, if any, of the following statements comes closest to your view?

- "I am only OR mostly concerned about whether my investments make money"
- "I am only OR mostly concerned about whether my investments make a positive difference to the world"
- "I am equally concerned about whether my investments make money and make a positive difference to the world"
- "Don't know"



Good Money Week update

James Alexander
CEO
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A circular portrait of James Alexander, CEO of UKSIF. He is a man with short brown hair, a beard, and glasses, wearing a white shirt and a grey suit jacket. The portrait is set against a white background and is framed by a thin orange border.

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Coming up - Morning

10:00 – 10:10 - **Welcome** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

10:10 – 10:25 - **Good Money Week update** – James Alexander, CEO – UKSIF

10:25 – 10:45 - **Fund EcoMarket & industry update** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

10:45 – 11:30 - **Fund Manager Session 1: Exploring the new SDR regime and labelling process**

- Therese Niklasson – Newton Investment Management
- Caroline Langley – Quilter Cheviot Investment Management
- David Harrison – Rathbones Asset Management
- Seb Beloe – WHEB Asset Management

11:30 – 11:50 - **Coffee break**

Fund EcoMarket & industry update

Julia Dreblow
Founder & CEO

SRI Services & Fund
EcoMarket



Fund EcoMarket update and market overview

- Fund EcoMarket 4.0
- Why we need(ed) - and welcome - SDR
- The key issues SDR is designed to address
- Overview of the new SDR rules
- Adviser Sustainability Group update
- Some opinions on how it is going / backdrop to panel sessions



FundEcoMarket.co.uk 4.0

- Extensive directory, showing what sustainable, responsible, ESG and ethical retail funds (and AFMs) do
- Information (filters, text & links) direct from fund managers / DFMs
- Designed for advisers & wealth managers (Stylefinder questionnaire, pdfs etc)
- 250 retail friendly filters – including SRI Styles & SDR
- Free thanks to our fund partners – and affiliates
- Apps available (ish)

Find a Financial Adviser Fund EcoMarket App SRI Stylefinder Tool Newsletter Sign up

sri Home About SRI & ESG Events Blog Support About SRI Services eco Access Database

Fund EcoMarket is free to use thanks to our partners.

Search by fund name ... Search

Expand filters

Fund Basics Product Type Asset Type Geographic Region SRI Styles SDR Labels

Fund information

SUSTAINABILITY & ENVIRONMENTAL Nature & Biodiversity Climate Change & Energy Environmental - General Sustainability - General

SOCIAL & ETHICAL Social / Employment

Displaying 1322 of 1322 options from Fund EcoMarket Select All Print/Save Selected Funds

Rathbone Ethical Bond	Edentree Global Impact Bond Fund	BNY Mellon Sustainable Global Dynamic Bond
<input type="checkbox"/> Select RATHBONES	<input type="checkbox"/> Select Edentree	<input type="checkbox"/> Select BNY
SRI Style Ethical	SRI Style Sustainable	SRI Style ESG Plus
SDR Label Working towards adopting label	SDR Label Working towards adopting label	SDR Label --
Product OEIC	Product OEIC	Product OEIC
Region UK	Region Global	Region Global
Asset Type Fixed Interest	Asset Type Fixed Interest	Asset Type Fixed Interest
Launched 14/05/2002	Launched 24/01/2022	Launched 30/01/2020
More info →	More info →	More info →

T. Rowe Price US Impact Equity Fund	Janus Henderson UK Responsible Income Fund	Janus Henderson US Sustainable Equity Fund
<input type="checkbox"/> Select T. Rowe Price	<input type="checkbox"/> Select Janus Henderson	<input type="checkbox"/> Select Janus Henderson
SRI Style Pending	SRI Style Ethical	SRI Style Sustainability Tilt
SDR Label --	SDR Label --	SDR Label --
Product SICAW/Offshore	Product OEIC	Product OEIC
Region USA	Region UK	Region USA
Asset Type Equity	Asset Type Equity Income	Asset Type Equity
Launched 14/11/2022	Launched 15/05/1995	Launched 20/09/2022

Search by SRI Style or SDR label



fundEcoMarket
by SRI SERVICES



FundEcoMarket.co.uk

Search by SRI Style or SDR label



Search by fund or AFM issue / approach

Expand filters

Fund Basics

SRI Styles

- Sustainable (14)
- Environmental (3)
- Social (5)
- Ethical (5)
- Faith Based (3)
- ESG Plus (2)
- Sustainability Tilt (3)
- Limited Exclusions (5)
- Other (5)
- Pending (5)
- Unclassified (5)

Asset Type

Geographic Region

Product Type

Full fund report (info from FM)

SOCIAL & ETHICAL

- Social / Employment
- Ethical Values Led Exclusions
- Human Rights
- Meeting Peoples' Basic Needs
- Gifts & Sovereigns
 - Gifts / government bonds - exclude all (1)
 - Gifts / government bonds - exclude some (5)
 - Invests in gifts / government bonds (NEW) (5)
 - Invests in sovereigns as an unscreened asset class (NEW) (3)
 - Invests in sovereigns subject to screening criteria (NEW) (1)
 - Does not invest in sovereigns (NEW) (1)

GOVERNANCE & FINANCIALS

Full fund report (info from FM)

Sustainable, Responsible & ESG Overview

Investment Objectives

Asset Allocation

Investment Objective	ESG	ESG	ESG	ESG	ESG	ESG
Sustainable	Responsible	ESG	ESG	ESG	ESG	ESG

For info only. We are not authorised.

Language matters

(but not as much as ensuring clients understand what funds do, imh)

Sustainability / sustainable - can go on & on

ESG / ESG focus - risk focus

Impact investment - real world outcomes / theory of change - for label

Stewardship - engagement & responsible ownership

Ethical - personal values, but previously E&S (also 'generic' in retail)

Tilt - overweight / underweight positions

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

Other?



Office of National Statistics (ONS), 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/septembertoctober2022>

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)



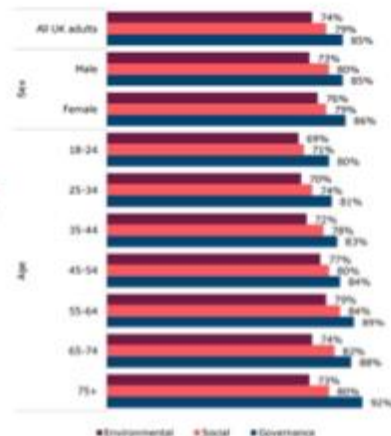
E: 74% agreed environmental issues are really important to them (77% in 2020)



S: 79% agreed businesses have a wider social responsibility than simply making a profit (80% in 2020)



G: 85% strongly believed businesses have a duty to pay their employees fairly, have a diverse workforce, and control executive pay



Base: All UK adults (2021: 1,829/ 2022: 4,182)

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'

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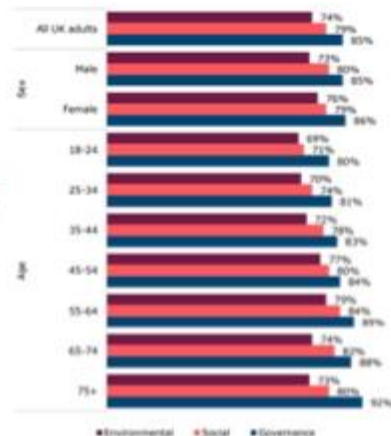
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The final package includes:



An anti-greenwashing rule for all FCA authorised firms to reinforce that sustainability-related claims must be fair, clear and not misleading. We are also consulting on supporting guidance



Four labels to help consumers navigate the investment product landscape and enhance consumer trust



Naming and marketing rules for investment products, to ensure the use of sustainability-related terms is accurate



Consumer-facing information to provide consumers with better, more accessible information to help them understand the key sustainability features of a product



Detailed information in pre-contractual, ongoing product-level, and entity-level disclosures, targeted at institutional investors and consumers seeking more information



Requirements for distributors to ensure that product-level information (including the labels) is made available to consumers

SDR highlights 'characteristics' Vs 'positive outcomes'

FCA PS23/16

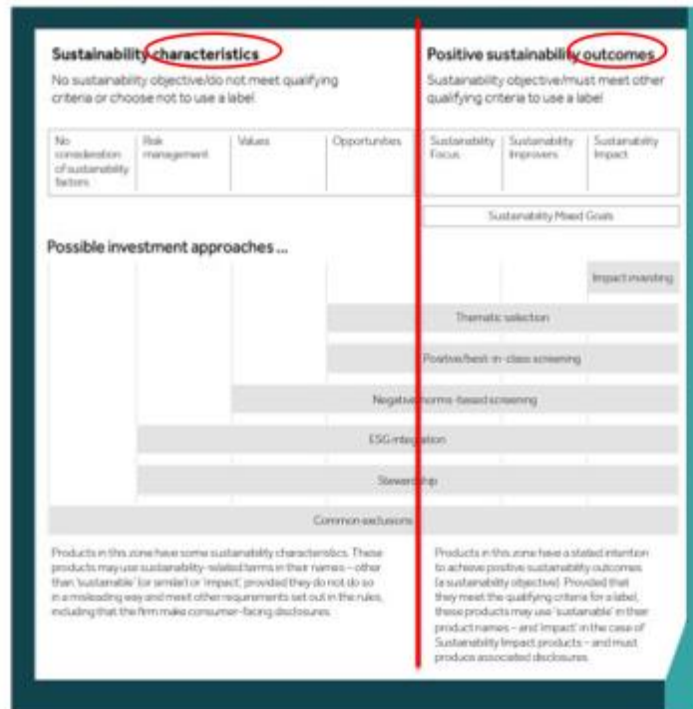
Intended outcomes:

Address greenwash – to protect clients

Increased sustainability information – to protect markets

Consumers to use labels – to improve competition

Figure 2. A stylised map of the landscape



Labelling basics:



Labels are not approved by the FCA, amends to pre-contractual disclosures are

Only in scope funds can chose to use labels

Labelling focuses on 'positive' attributes (and evidence)

At least 70% of labelled sustainable fund assets to align to objectives – (AM to define what this means).

No (labelled) fund assets should 'conflict with objectives'

Specific rules for each label

Summary of key features of the qualifying criteria

- 5.10 To use a label, products must meet the general and specific criteria relating to that label on an ongoing basis. Firms must also meet certain requirements and make associated disclosures.
- 5.11 The general criteria fall under 5 key themes:
- **Sustainability objective.** All products using a label must have a sustainability objective to improve or pursue positive environmental and/or social outcomes as part of their investment objectives. Firms must identify and disclose whether pursuing the positive sustainability outcomes may result in material negative outcomes.
 - **Investment policy and strategy.** Ordinarily, at least 70% of the product's assets must be invested in accordance with its sustainability objective, with reference to a robust, evidence-based standard that is an absolute measure of environmental and/or social sustainability. Firms must also identify and disclose any other assets held in the product for other reasons (eg, cash, derivatives), including why they are held.
 - **KPIs.** Firms must identify KPIs to measure progress against the sustainability objective (these can measure the progress of the whole product or individual assets)
 - **Resources and governance.** Firms must ensure there are appropriate resources, governance and organisational arrangements to support delivery of the sustainability objective.
 - **Stewardship.** Firms must identify and disclose the stewardship strategy needed to support the delivery of the sustainability objective, including activities they expect to take and outcomes they expect to achieve. Firms must also set out an escalation plan to be able to take action when assets do not demonstrate sufficient progress towards the sustainability objective and/or KPIs. Assets subject to such action remain within the 70% threshold.



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by SRI SERVICES

The 'anti greenwash' rule

FCA Source - FG 24/3 p7

Sustainability references should be:



Correct and capable of being substantiated



Clear and presented in a way that can be understood



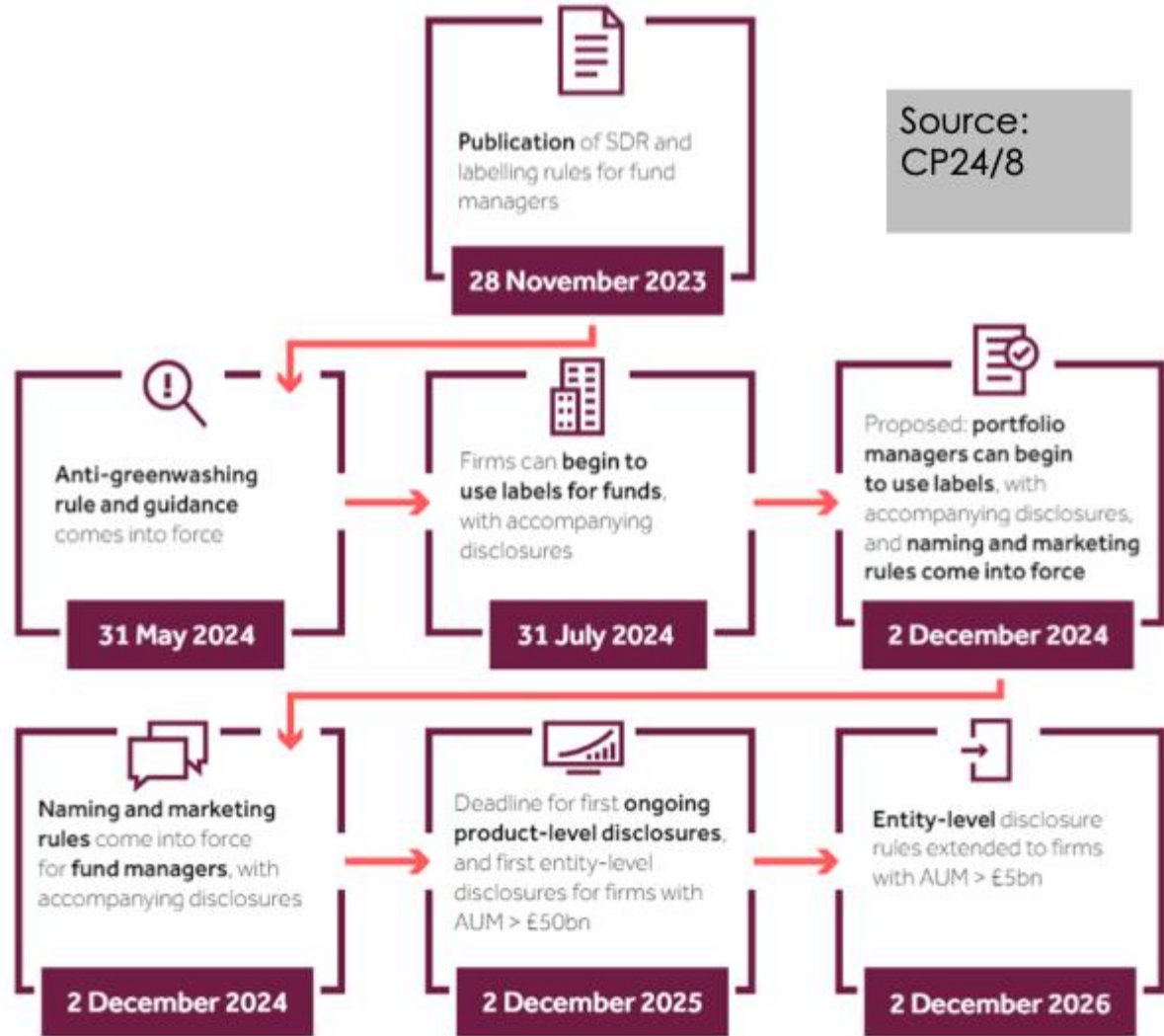
Complete – they should not omit or hide important information and should consider the full life cycle of the product or service



Comparisons to other products or services are **fair and meaningful**

Known unknowns

- Speed of adoption of labels
- Extent of 'greenwash fright'
- Extending SDR to portfolios - timing
- Extending SDR to international funds - timing
- Adviser guidance content (ASG)
- Interaction between above



Asset Type ▼

Geographic Region ▼

Product Type ▼

SDR Labels ▲

- Sustainability Focus label (0)
- Sustainability Impact label (1)
- Sustainability Improver label (0)
- Sustainability Mixed Goals label (0)
- Intentionally unlabelled (in scope) (0)
- Working towards adopting label (73)
- Not eligible to use label (83)
- Other (9)

Fund information ▲

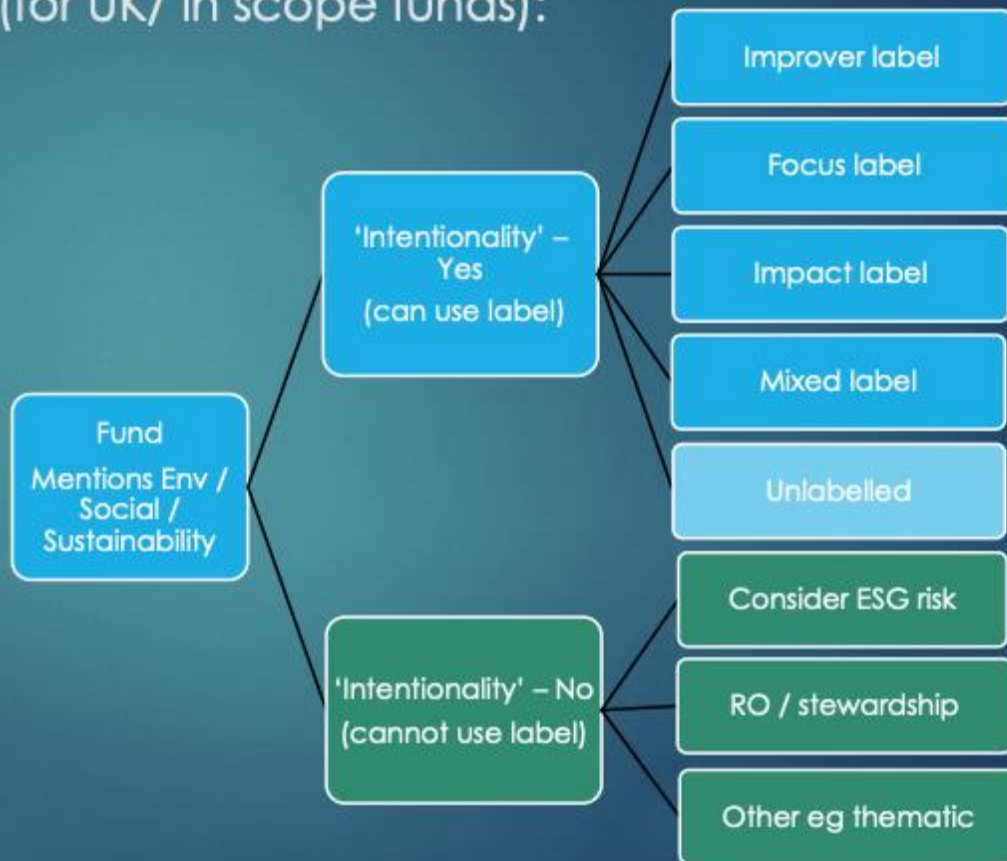
SUSTAINABILITY & ENVIRONMENTAL

Nature & Biodiversity ▼

Climate Change & Energy ▼

What to expect

(for UK/ in scope funds):



Adviser Sustainability Group

Industry led working group established by FCA (AKA the dream team!)

Working to shift the narrative...

Objective 1: To develop voluntary good practice guidelines for when financial advisers are advising on the range of products that make claims about sustainability, taking account of the following:

- What good practice looks like regarding ensuring clients' needs are met, whether by the adviser or others
- The knowledge an adviser needs to advise effectively on these topics, including understanding of documents or disclosures
- 'What good looks like' for advisers approaching conversations on sustainability with clients
- How advisers might consider investors' needs and preferences, which may include labelled and unlabelled products

Objective 2: To develop recommendations on how training materials are developed in line with the good practice guidelines/materials developed under Objective 1, taking account of the following:

- How to encourage consistency and high standards among industry participants without infringing upon diversity of approach

Working Groups

- Sustainability 101
- Best Practice
- Regulatory Compliance
- Training & Education

Questionnaires:

advisersustainability.sites.pimfa.uk/

Where are we now?

FCAs intended outcomes

(from Fig 1, PS23/16)

Address **greenwash** – to protect clients

Increased sustainability **information** – to protect markets

Consumers to use **labels** – to improve competition

Our observed 'current status'

Positive / some market overshoot - highlighting compliance knowledge gaps

Mixed – structurally sound but fear of regulator is (excessively) impacting behaviours

Negative – right structure, poor implementation shows knowledge gap (probable cause of submissions too often regarded as 'disappointing')

Need to work towards:

FCA to integrate sustainability, across retail rulebook. (Industry to upskill)

Reduce / refine (& relocate) granular pre contractual literature requirements. Guard against tedium, legalese & false/binary assurances.

FCA implementation teams to get closer to end clients (if do not understand/trust industry)

FCA to recognise the 'Acceptable <<< to >>> Amazing' spectrum enables client needs to be met, that nothing is perfect, and change is constant. Make better use of exclusions as a force for good.

Industry to capture processes in simple language – understand FCA remit & concerns.

Why I remain hopeful & positive ...

None of this is difficult to solve

- We know most clients (people) want 'change'
 - Client search consistently reflects 80/20 rule
 - Getting back to SDR purpose & principles should be easier than current interpretation
 - The hard stuff is international alignment, dealing with laggards and low/shifting corporate standards (that harm people, do not align to net zero etc) – running parallel
- The FCA and leading sustainable funds are natural allies
 - Clear alignment of mission and support for SDR (with tweaks)
 - All need to be careful not to 'shoot the messenger': sustainability is complex, dynamic and imperfect. Regulation is necessary. Effective communication to clients & delivering real world outcomes
 - Anti ESG / Anti Woke is time limited (given science, public concerns etc)

Fund Manager Session 1: Exploring the new SDR regime and labelling process



Therese Niklasson
Global Head of Sustainable Investment
Newton Investment Management



Caroline Langley
Deputy Fund Manager, Climate Assets Funds
Quilter Cheviot Investment Management



David Harrison
Fund Manager, Rathbone Greenbank Global Sustainability Fund
Rathbones Asset Management



Seb Beloe
Partner and Head of Research
WHEB Asset Management



Coming up next - Morning

11:30 – 11:50 - **Coffee break**

11:55 – 12:25 - **Fund Manager Session 2: Beyond the labels**

- Miranda Beacham – Aegon Asset Management
- Clare Wood – Stewart Investors
- Adam Robbins – Triodos Investment Management

12:30 – 13:15 - **MORNING KEYNOTE** – Sacha Sadan – FCA, Director of ESG

13:20 – 14:20 - **Lunch break**

13:35 – 14:05 - **‘Portfolio managers share responses to recent developments’** - Upstairs theatre

- Paris Jordan - Charles Stanley
- Will Slater - King & Shaxson
- Ben Palmer - LGT Wealth Management
- Jade Coysh - Momentum Global Investment Management
- Daniel Babington - TAM Asset Management

Fund Manager Session 2: Beyond the labels



Miranda Beacham

*Head of UK Responsible
Investment*

**Aegon Asset
Management**



Clare Wood

Portfolio Specialist

Stewart Investors



Adam Robbins

*Head of Business
Development*

**Triodos Investment
Management**

Morning Keynote

Sacha Sadan

Director of ESG

Financial Conduct
Authority





Coming up next - Afternoon

13:20 – 14:20 - **Lunch break**

- 13:35 – 14:05 - ‘Portfolio managers share responses to recent developments’ - Upstairs theatre

14:20 – 14:30 - **Welcome back**

14:30 – 14:55 - **GUEST SPEAKER** – Mike Clark, Founder & Director – Ario Advisory

14:55 – 15:20 - **Fund Manager Session 3: Leading change**

- Duncan Downes – Pictet Asset Management
- George Crowdy – Royal London Asset Management
- Jeneiv Shah – Sarasin & Partners

15:25 -16:05 - **Fund Manager Session 4: Articulating sustainability with confidence**

- Clémence Chatelin – CCLA Investment Management
- Matthew Jennings – Fidelity International
- David Nicholsby – Greenbank
- My-Linh Ngo – RBC BlueBay Asset Management

16:05 – 16:25 - **Coffee break**

'Portfolio managers share responses to recent developments'



CHARLES
STANLEY

Paris Jordan
*Head of Responsible
Investing*
Charles Stanley



KING & SHAXSON
Asset Management | *Remembering your future*

Will Slater
*Business Development
Manager*
King & Shaxson



LGT
Wealth
Management

Ben Palmer
Lead Portfolio Manager
LGT Wealth
Management



momentum
global investment management

Jade Coysh
*Responsible Investment
Specialist & Senior Analyst*
Momentum Global
Investment
Management



tam
ASSET
MANAGEMENT

Daniel Babington
Portfolio Manager
TAM Asset
Management

Welcome Back

Julia Dreblow
Founder & CEO

SRI Services & Fund
EcoMarket





Heads (1st) and Tails (2nd)

- Most people agree SDR has helped clarify the difference between ESG & Sustainability **True or false**
- How many SDR labels are there? **3 or 4?**
- Are global greenhouse gas emissions currently going **up or down?**
- At COP 15 - nations agreed to protect what proportion of the world's oceans by 2030? **30% or 8%**
- Only funds named 'Sustainable, Sustainability or Impact' can qualify for SDR labels? **true or false**
- TCFD/ ISSB aims to standardise sustainability reporting – **true or false**
- Advisers will forced to have a degree level knowledge of sustainability - **true or false**
- How many E&S proposals did Vanguard support this voting season, of 293 (FT)? **Zero or 20**
- Who said 'We do not inherit the earth from our ancestors, we borrow it from our children' **Mahatma Gandhi or Native American proverb**
- How many E&S proposals did Blackrock support this voting season, of 293 (FT)? **Zero or 20**
- How many deaths pa does the WHO predict climate change will cause by 2030? **250,000 or 2 million**
- According to the FT, did Shell **weaken or strengthen** its climate targets in 2024?
- Should you talk to Seb Elwell about 'sustainable financial planning'? **yes or no**

Guest Speaker

Mike Clark

Founder & Director

Ario Advisory



HOW ARE YOU ADVISING YOUR CLIENTS ON THE FINANCIAL RISKS OF CLIMATE CHANGE?

A few things coming your way, some sooner than later

For Investment Professionals only

Mike Clark, Founder Director, Ario Advisory

3rd October 2024

Imagine you are a fiduciary of this pension plan...and also a climate scientist...

Annualised Climate Change Impact on Portfolio Returns – to 5, 15 and 40 Years⁴

Scenario	Timeline (years)	Current Asset Allocation ⁵	Target Asset Allocation ⁶
1.5°C	5	-1.7%	-1.5%
	15	-0.5%	-0.4%
	40	-0.2%	-0.2%
1.6°C	5	-0.2%	-0.1%
	15	0.0%	0.0%
	40	0.0%	0.0%
4°C	5	0.2%	0.1%
	15	-0.7%	-0.6%
	40	-1.1%	-1.0%

Source: a UK pension scheme

Long before 4 degrees...3 degrees...or even 2!

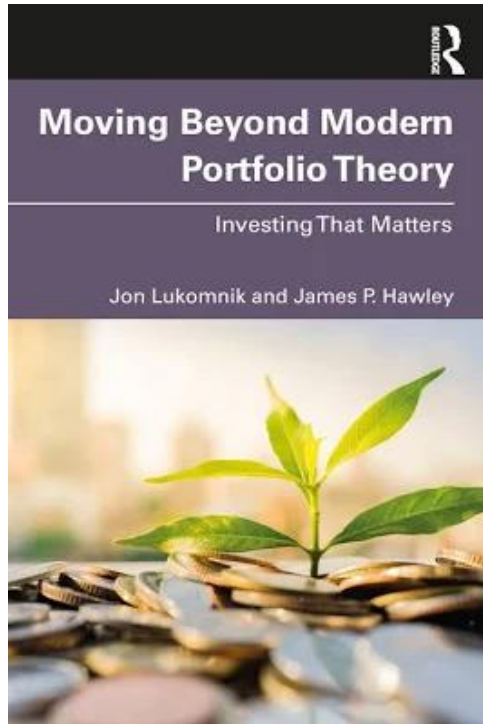


Quick Question

Do you think your investment advice to address climate change should be:

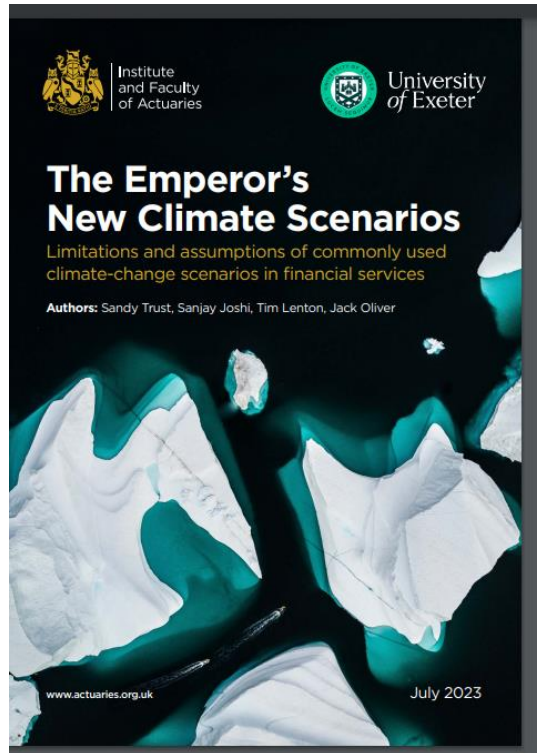
1. portfolio decarbonisation
2. real world decarbonisation
3. risk/opportunity management for resilience/return?

The real world, exposing MPT's limitations



- Sustainable finance's two main purposes: “providing adequate risk adjusted returns to investors and directing capital to where it is needed in the economy”
- Risk is specified as volatility in market prices, yet *Modern Portfolio Theory has no interest in the real world source of that volatility, that risk*

The Emperor's New Climate Scenarios



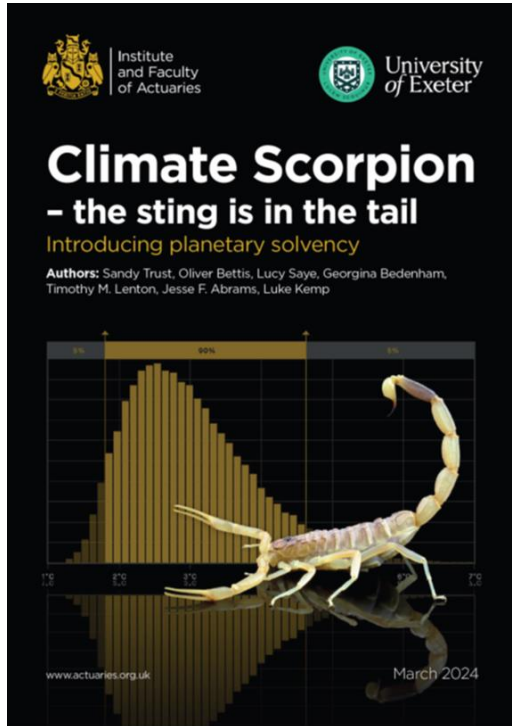
- Many of the models used to predict economic damages for the hot house world **are too benign**
- We may have **seriously underestimated** rate at which earth is warming
- Carbon budgets could be **much smaller than we think**

Loading the DICE against pension funds



- Following some investment consultants' advice, pension funds have informed members that **global warming of 2-4.3°C will have only minimal impact on their portfolios**
- **Huge disconnect between what scientists expect** and what pensioners/investors/ financial systems are prepared for
- Wealth-damaging correction, **Minsky Moment, cannot be ruled out, and is virtually inevitable**

Does the world need a Chief Risk Officer?



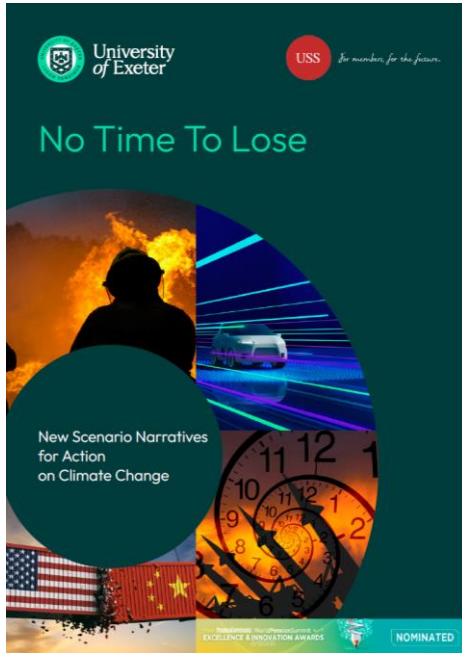
Apply actuarial principles to the risks of climate change.

Recommendations:

1. Carry out a **realistic risk assessment** of climate change as a matter of urgency, and act on it
2. Educate and take action on **positive tipping points** in the economic system
3. Develop a **Planetary Solvency** framework to support human prosperity, now and in the future

Narrative scenarios at USS

We ALL invest in the real world

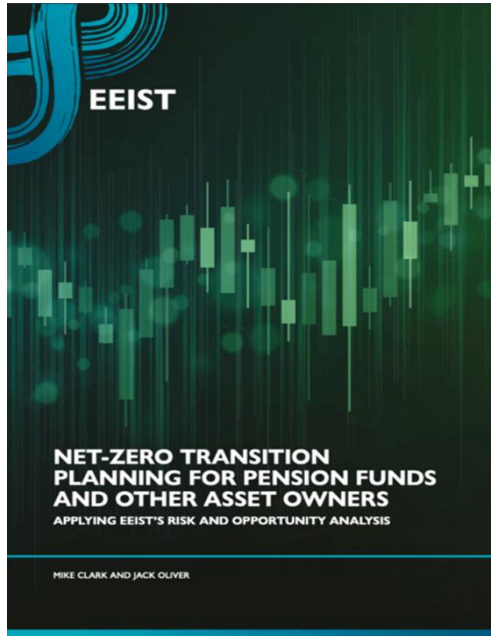


“We aim to lead in the development of this new approach that is less focused on precise estimation and more on understanding how real-world dynamics could play out in a complex world where climate risks cannot be looked at in isolation from political, economic, and technological factors.”

Mirko Cardinale, USS

Transition Planning for Pension Funds

Commissioned by UK Government



- EEIST's Risk and Opportunity Analysis (ROA)
- The Role of Scenario Analysis
- Official Climate Scenarios
- The Importance of Challenging Typical Assumptions
- Developing “Decision-Useful” Climate Scenarios

Guiding Principles

Shifting the paradigm for decision making

TRADITIONAL PRINCIPLES	TRANSITION PRINCIPLES
Backward-looking	Forward-looking
Official scenarios	Bespoke scenarios
Risk	VUCA
Climate in isolation	Climate “systems thinking”
Linear	Non-linear
Trends	Shocks
Optimisation	Adaptive
Numbers	Narratives
Caution	Opportunity
Market	Peers

Research (1)

- Climate risks insufficiently reflected in stock prices
- Differences in mental models and beliefs are important
 - *Bauer et al, Mental Models in Financial Markets*
- Survey respondents at least 20 times more likely to believe that climate risk is currently being underestimated by asset markets as opposed to overestimated.
 - *Stroebel & Wurgler, What do you think about climate finance?*

Research (2)

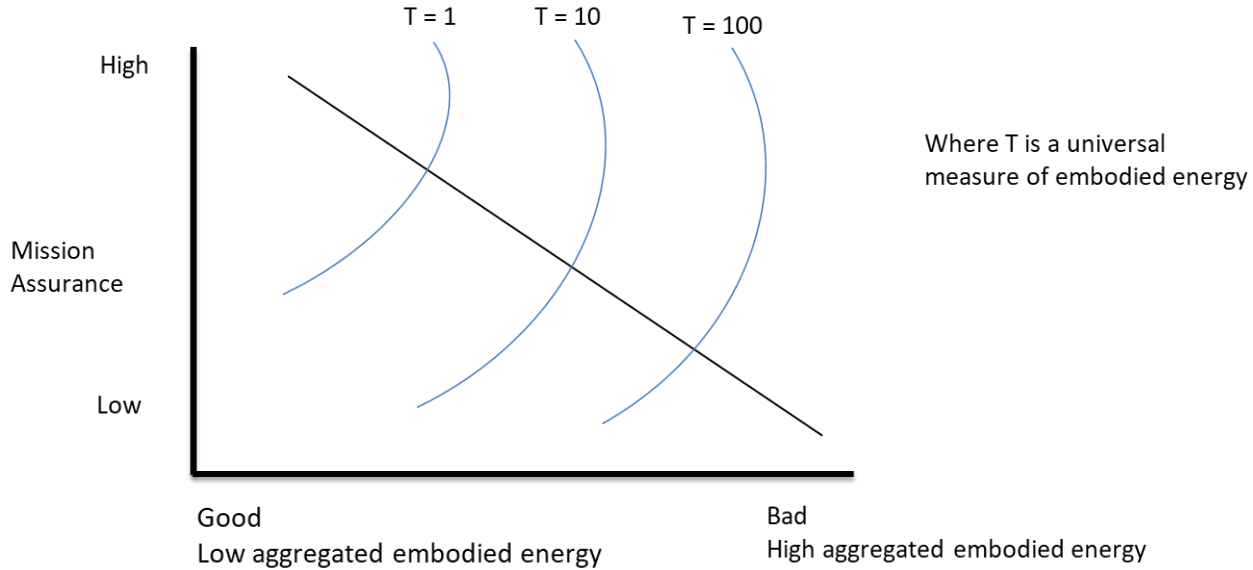
- Investors care about climate change risks only when policymakers intervene
 - *Faccini et al, Dissecting climate risks*
- Aggregate nature of climate risks limits availability of risk sharing arrangements and hedging instruments
- High degree of uncertainty heightens modeling and measurement challenges
 - *Eren et al, Pricing of climate risks in financial markets*

Research (3)

- Bad news hoarding within company can increase stock price crash risk
- Heterogenous investor beliefs and short-selling constraints prevent negative sentiment being reflected in stock prices, increasing likelihood and potential size of stock price crashes
 - *Ozkan & Yildiz, Climate-related risks and stock price crashes*
- If price adjustments prove to be gradual, this will create a long term drag on portfolio returns. But there are precedents for much more sudden price adjustments. If these do occur, additional price volatility and loss of liquidity can also be expected.
 - *Rebonato, Asleep at the wheel?*

The joule is mightier than the dollar (or GBP)

Mission assurance vs embodied energy



'Thermodynamic Ruler (joules)
 Thermodynamics deals with the relationships between all forms of energy

ARIO 

Fund Manager Session 3: Leading Change

Don't ignore the improvers



Duncan Downes

Senior Engagement Specialist, Pictet Positive Change

Pictet Asset Management

Innovation in weight loss drugs



George Crowdy

Sustainable Fund Manager

Royal London Asset Management

Making plastic circular



Jeneiv Shah

Portfolio Manager, Global Equities

Sarasin & Partners

Fund Manager Session 4: Articulating sustainability with confidence



CCLA
GOOD INVESTMENT

Clémence Chatelin
ESG Integration Manager
CCLA Investment
Management



F Fidelity
INTERNATIONAL

Matthew Jennings
Investment Director,
Sustainable Investing
Fidelity International



Greenbank

David Nicholsby
Investment Director
Greenbank



RBC BlueBay
Asset Management

My-Linh Ngo
*Senior Director & Impact-
Aligned Strategist*
RBC BlueBay Asset
Management



Coming up next - Afternoon

16:05 – 16:25 - **Coffee break**

16:25 – 16:50 - **Fund Manager Session 5: Leading change**

- Stephanie Williams – Schroders
- Ben Constable-Maxwell – M&G Investments
- Mike Appleby – Liontrust Asset Management

16:50 – 17:15 - **AFTERNOON KEYNOTE** – Mark Campanale – founder, Carbon Tracker Initiative

17:15 – 17:30 - **Close** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

17:30 – 20:30 - **Drinks reception & canapes**

Fund Manager Session 5: Leading Change

Beyond climate: the critical role of nature in investment decisions



Stephanie Williams
Sustainable Investment Analyst
Schroders

Impact accounting as a tool to transform finance



Ben Constable - Maxwell
Head of Impact Strategy
M&G Investments

The pace of change & its influence on: sustainability, engagement, the size of the investable universe



Mike Appleby
Investment Manager, Sustainable Future Funds
Liontrust Asset Management

Afternoon Keynote

Mark Campanale
Founder & Director

Carbon Tracker Initiative



How the clean energy revolution is disrupting everything

Mark Campanale, Founder & Director, Carbon Tracker

SRI Services Conference

3rd October 2024



Carbon Tracker's Research Freely Available

Aligning capital market actions with climate reality

Carbon Tracker is an independent financial think tank that carries out in-depth analysis on the impact of the energy transition on capital markets and the potential investment in high-risk, carbon-intensive fossil fuels.

OUR ABOUT US

Our Latest Research

Energy are emg revoluti
There must after the it

Our Research

Power, Gas, Automative, Climate risk disclosure, Energy transition, Oil, Coal, Carbon markets

Carbon Tracker
BMW
Automotive Company Profile - 2022 Assessment

Power & Utilities Profiles Updated December 2021	Oil & Gas Profiles Updated December 2021	Accounting Assessments Updated for 2022 NGAs	Automotives Company Profiles 2022 Assessments
AES Corporation View Profile	BNP Group Profile under maintenance	Air Liquide View Assessment	BMW View Assessment
AGL Energy View Profile	BP Profile under maintenance	Berkshire Hathway View Assessment	BYD View Assessment
American Electric Power Company View Profile	Canadian Natural Resources Limited Profile under maintenance	BP View Assessment	Ford View Assessment
Centrica View Profile	Chevron Corporation Profile under maintenance	Chevron View Assessment	Geely View Assessment
Cec View Profile	China Petroleum & Chemical Corporation (Sinopec) Profile under maintenance	CRH View Assessment	GM View Assessment
Dominion Energy		Ennio SA	Great Wall Motors

Making it mainstream - Carbon Tracker's power utility profiles

2 degrees of separation
Transition risk for oil and low carbon world

Climate Accounting and Alignment Metrics Report

Climate Accounting	Alignment Metrics
<p>Key Metrics</p> <ul style="list-style-type: none"> Scope 1 & 2: 100% Scope 3: 100% GHG Intensity: 100% 	<p>Alignment Metrics</p> <ul style="list-style-type: none"> Paris-Aligned: 100% Climate Risk: 100% ESG Risk: 100%

Climate Accounting and Alignment Metrics Report

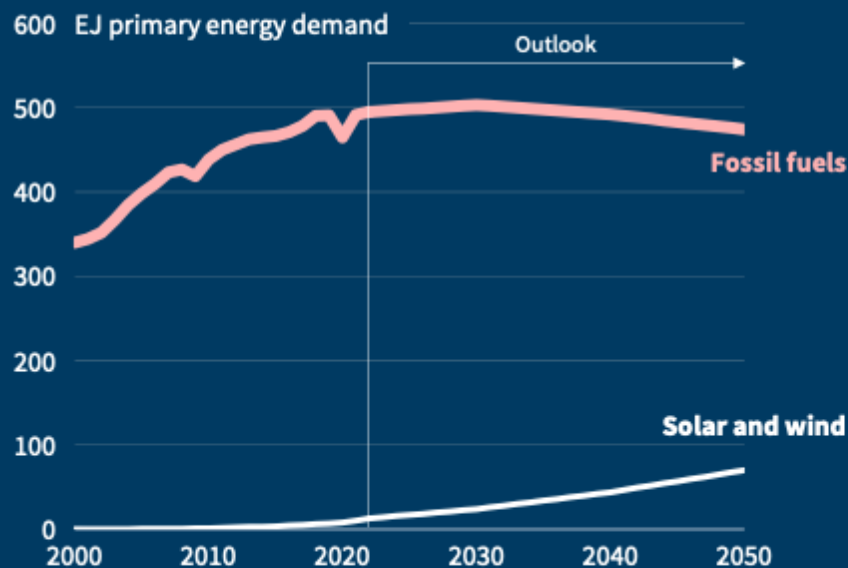
www.carbontracker.org



The two visions of the energy future

The **old commodities** narrative of business-as-usual: reducing fossil fuel demand will be slow, expensive, and painful

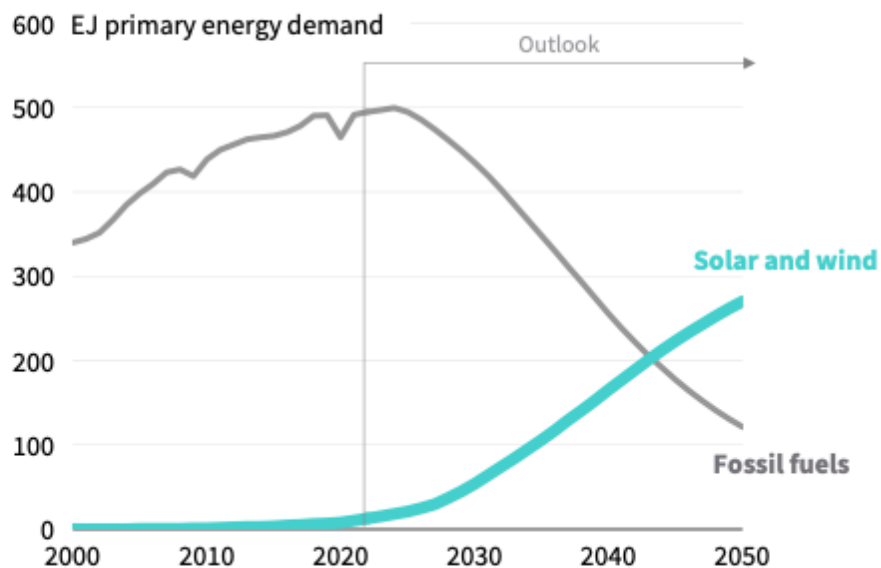
The old guard's energy outlook



Source: Exxon Mobil Global Outlook 2023.

The **new technology** narrative of exponential and beneficial change: a shift to a cheaper, faster, and distributed energy system

The new technology insurgent's energy outlook



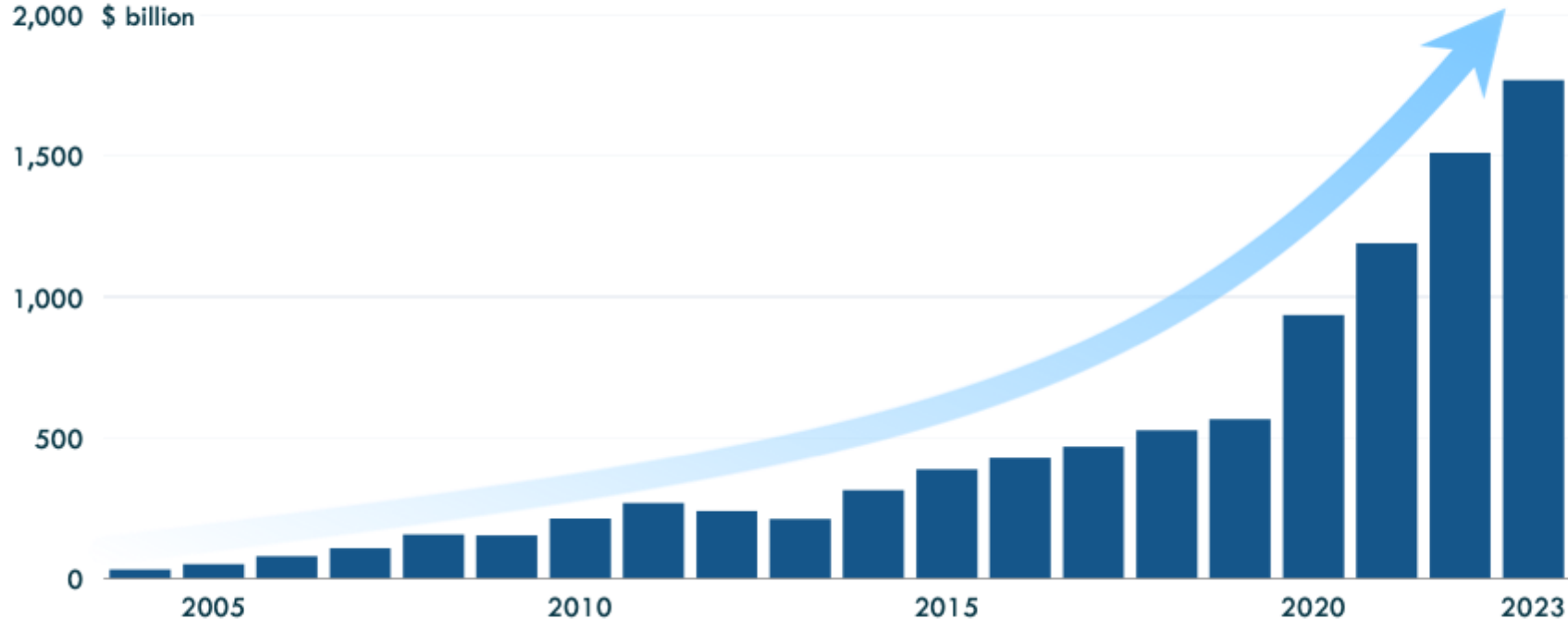
Source: Rystad Energy 1.6°C Scenario.

Capital has poured into cleantech

•The first cleantech trillion took decades; the second trillion will happen in four years

Cleantech investment

2,000 \$ billion

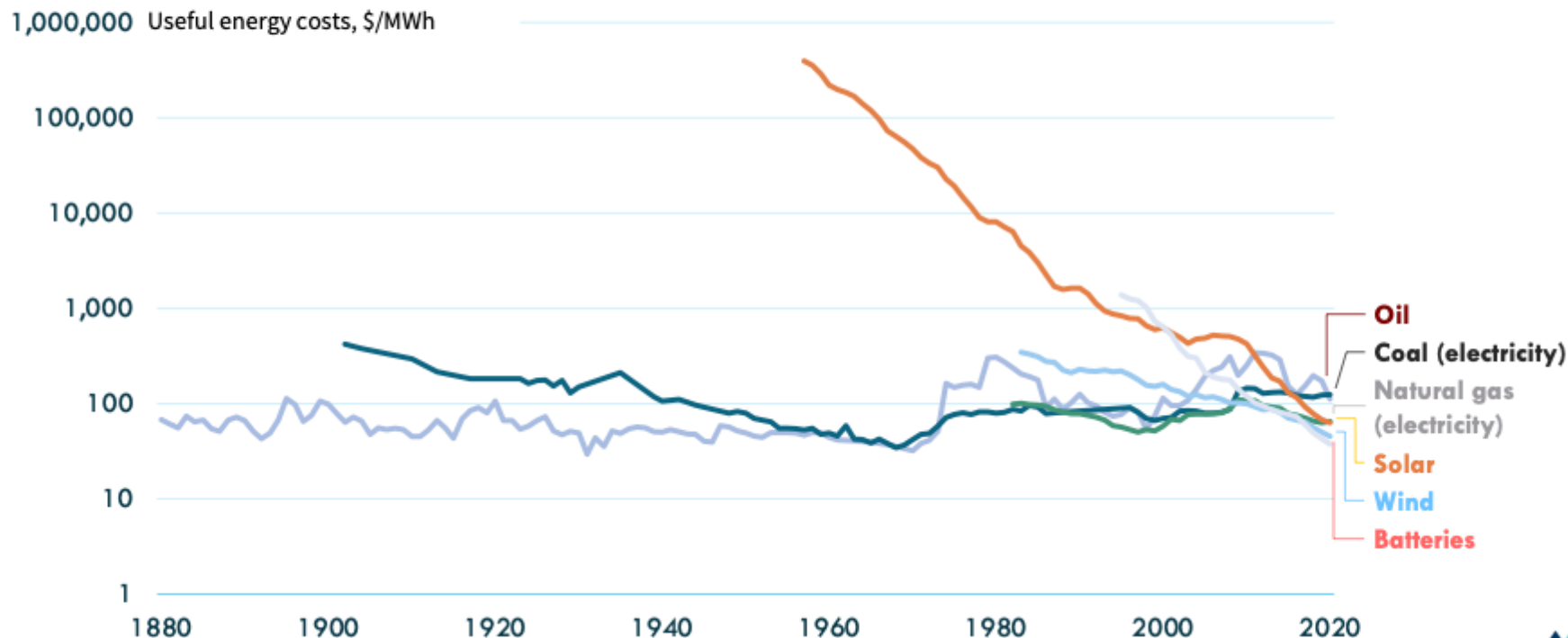


• Source: BNEF.

Technologies beat commodities on costs

Manufactured technologies (e.g., solar and wind) enjoy cost learning curves; (fossil) commodities don't

Historical costs of energy sources

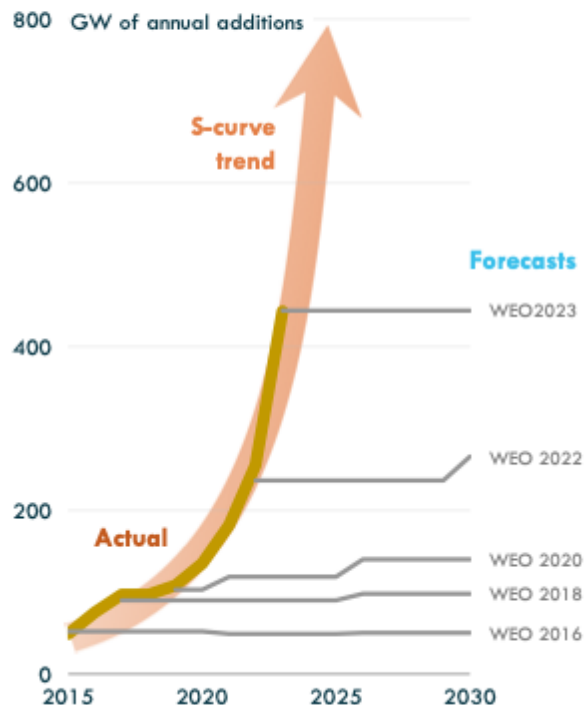


* Source: Way et al. 2022. Individual fossil fuel technologies of course do have learning curves; but because of depletion and cartels, fossil fuel prices have not shown structural decline over time.

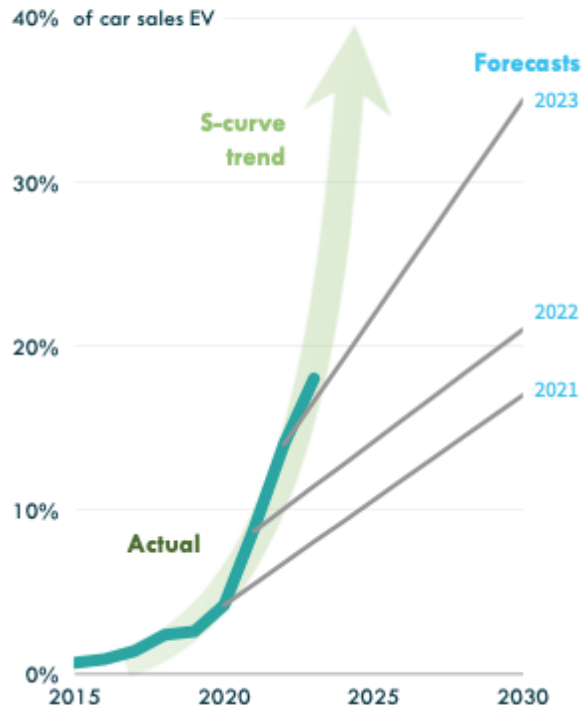
Incumbents have underestimated the speed of change

Even neutral actors modeled in **linear** terms. But change has been exponential

New solar additions



EV share of sales



Battery sales

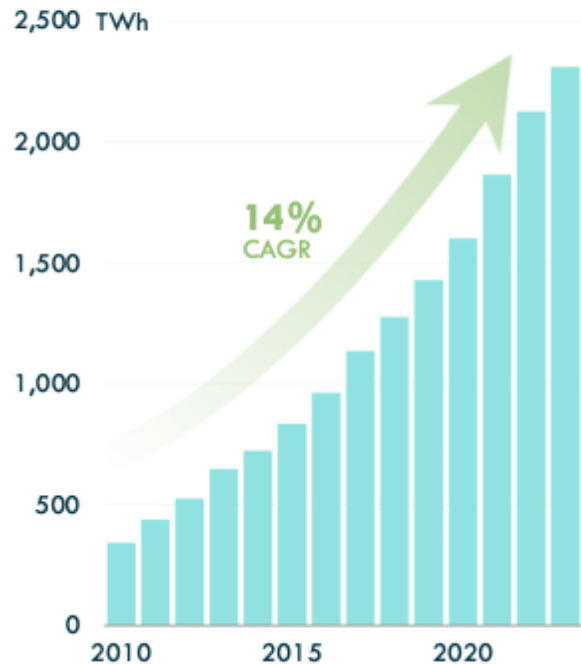


* Source: BNEF (solar and battery actuals), IEA STEPS for WEO forecasts, RMI annotation.

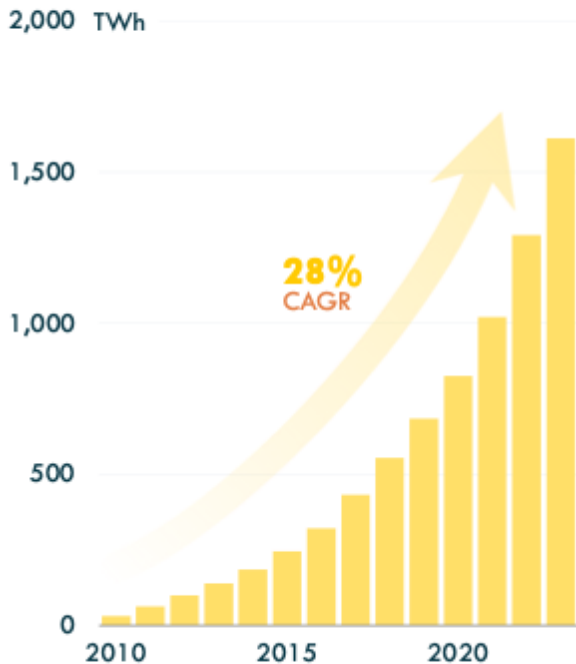
Leading to exponential growth in renewables

Global solar generation has been doubling every 2–3 years, and battery storage capacity every year

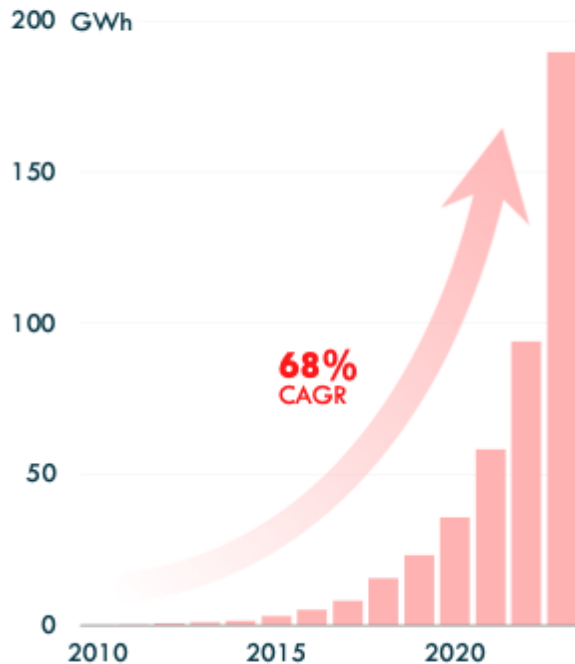
Wind generation



Solar generation



Battery storage

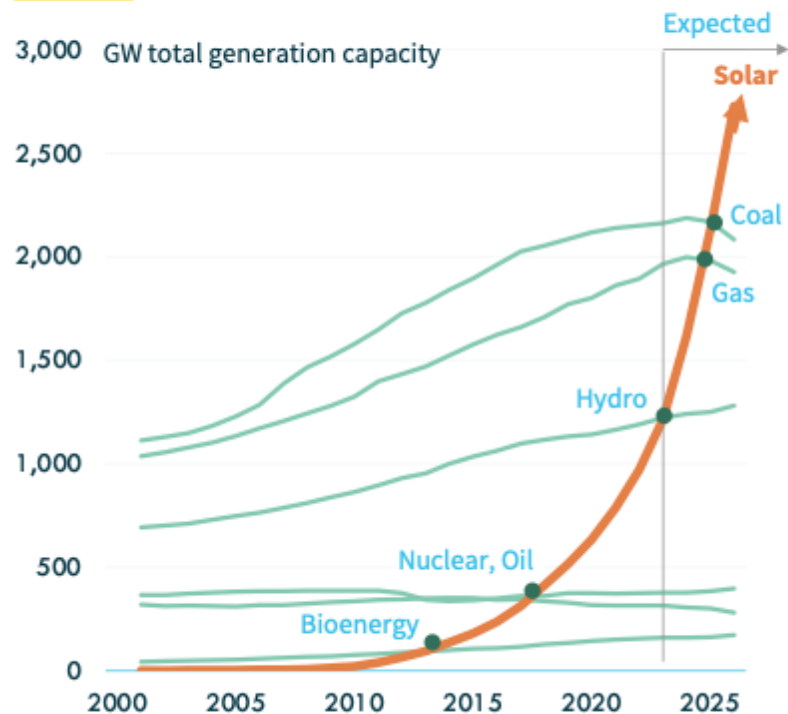


* Source: IEA, BNEF; Note: CAGR is the compound annual growth rate between 2013 and 2023.

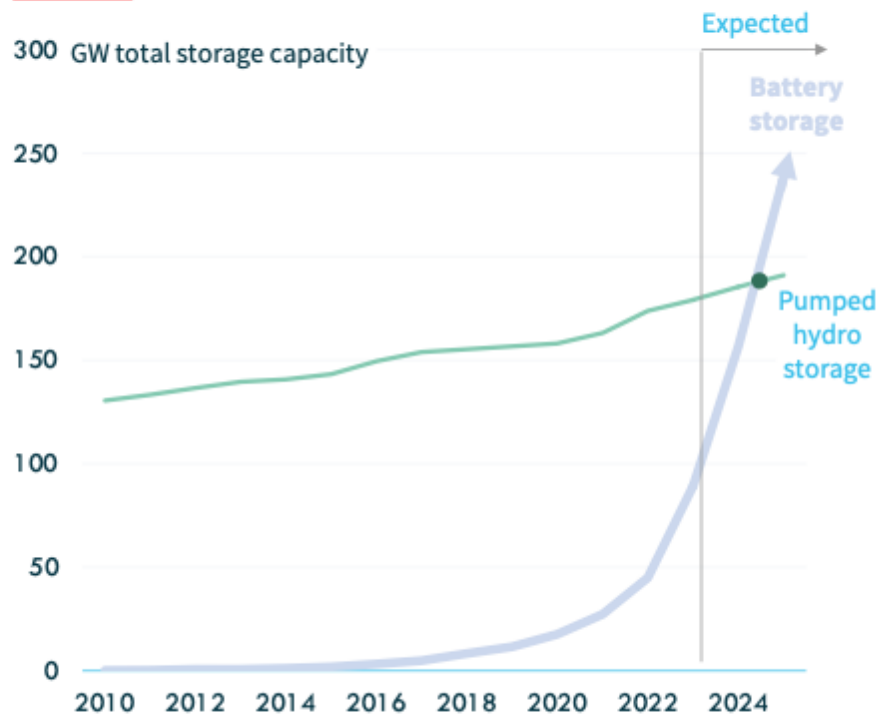
Solar and batteries are taking over

Solar will shortly overtake every other type of capacity, and battery storage will leapfrog pumped hydro

Solar



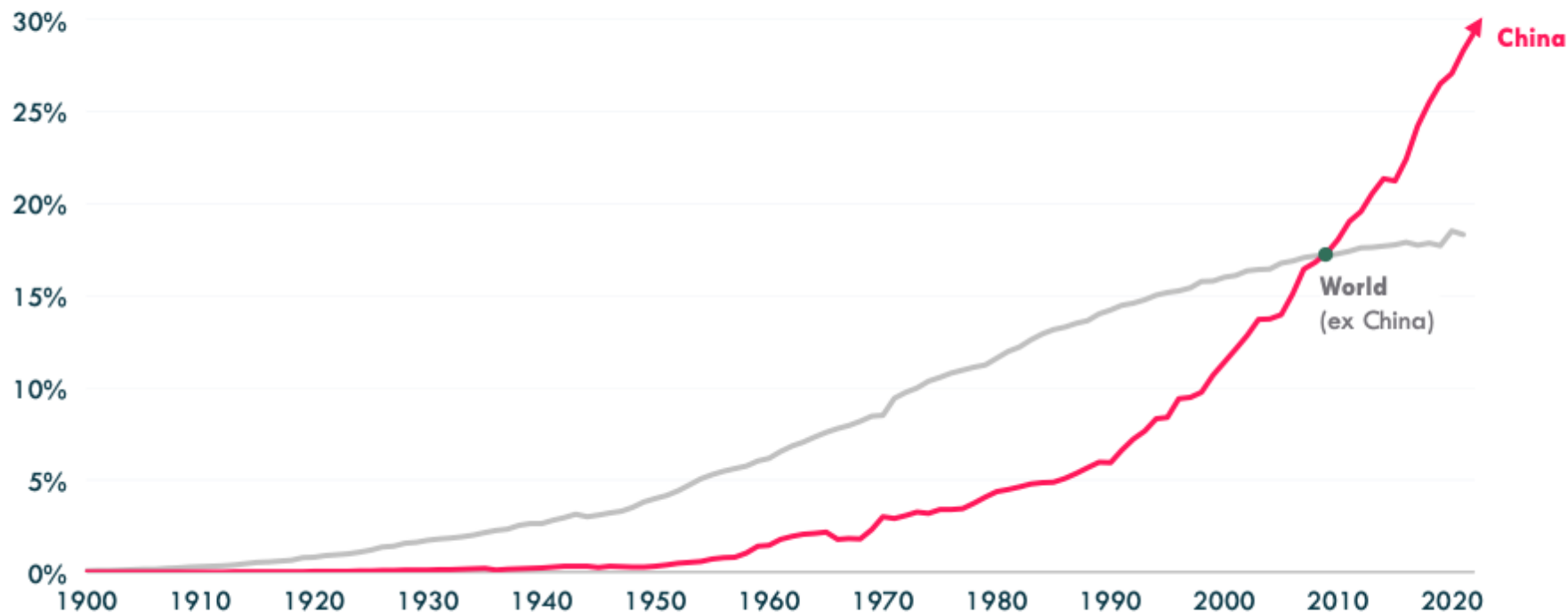
Batteries



China has become the first major electrostate

China has been electrifying at 10 percentage points per decade, nine times faster than the rest of the world

Electricity share of final energy



Notes: IIASA data to 1971, IEA onward.

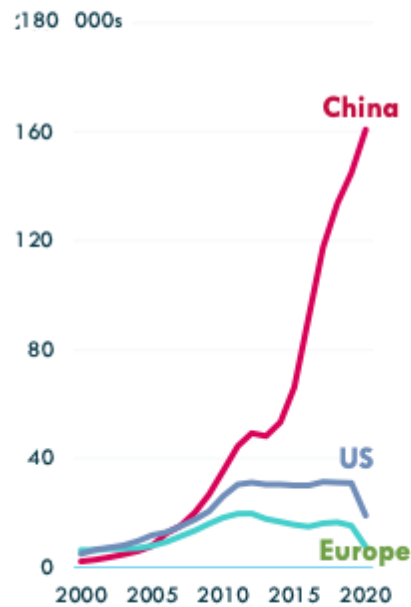
* Source: IIASA, IEA WEB. WEB defines final energy slightly differently than WEO.

The world's largest energy consumer is moving fast

China is leading the way to patent, make, and deploy the energy technologies of the future

Patent

Clean energy patents



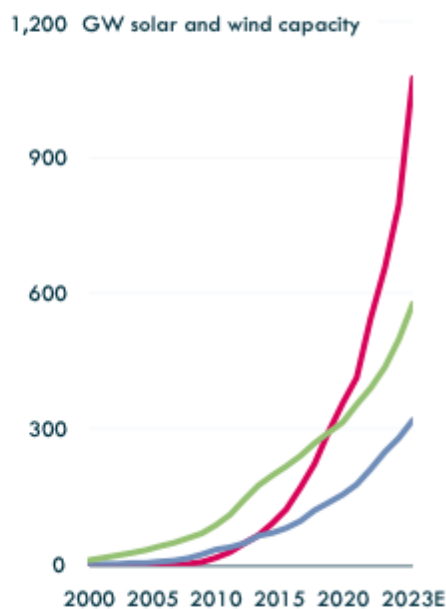
Make

Battery manufacturing capacity

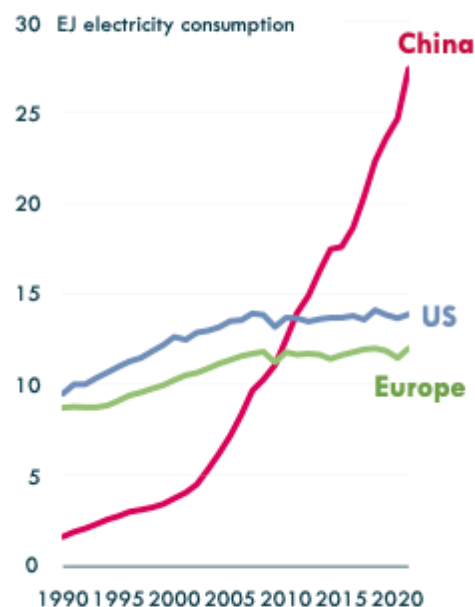


Deploy

Renewables

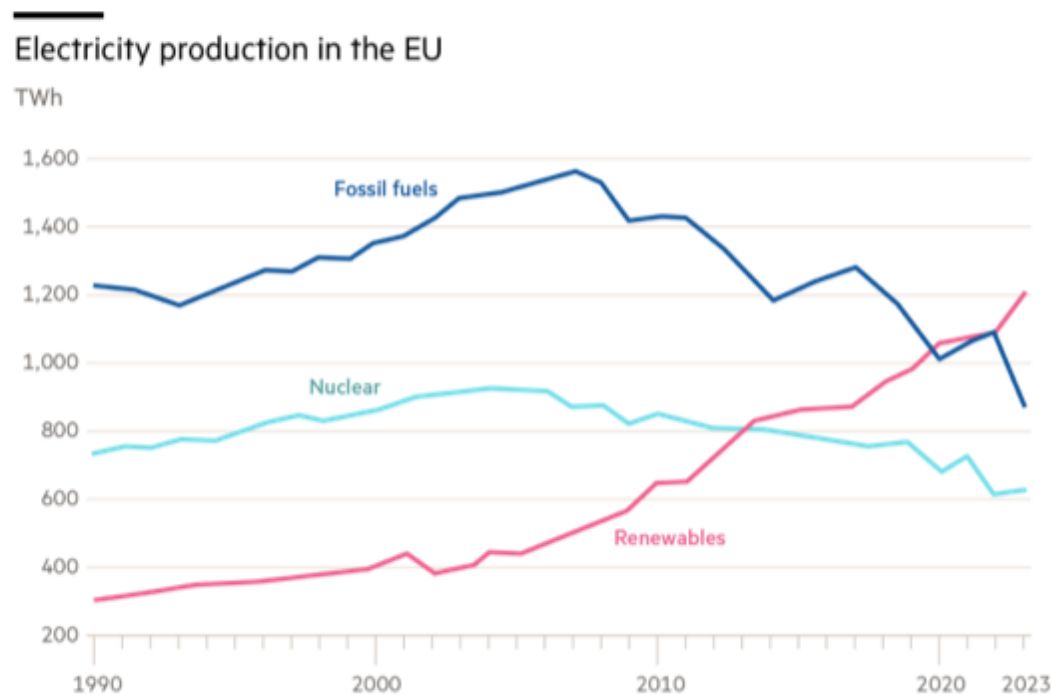


Electrification



Negative power prices will jolt European markets

Electricity prices dropped into negative territory a record 7,841 hours across Europe in first 8mths of 2024



Source: Eurostat

*Financial Times 22nd Sep 2024

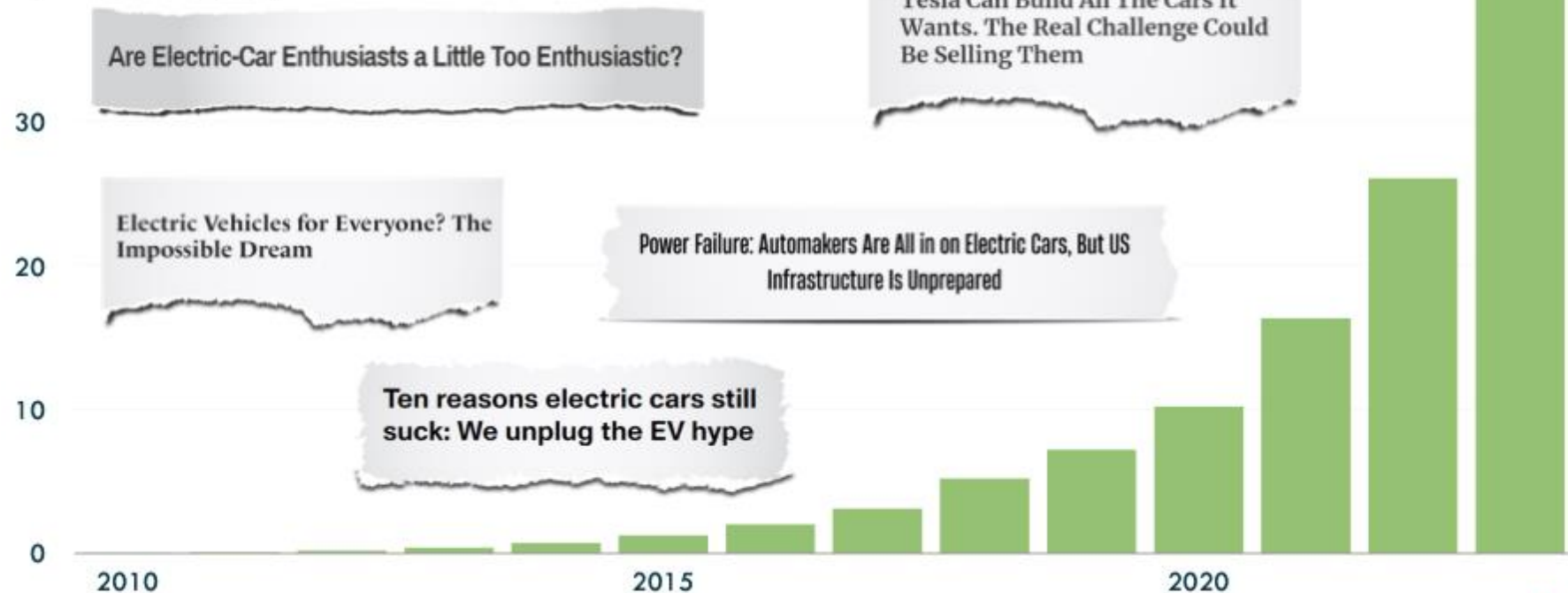
If renewables share of consumption reaches 42.5% by 2030, up from 23% in 2022, this will undoubtedly lead to more price cannibalisation

Focus on the signal not the noise

•There are always barriers to change. Those who solve them get rich.

EV adoption versus headlines

40 million EVs (fleet)

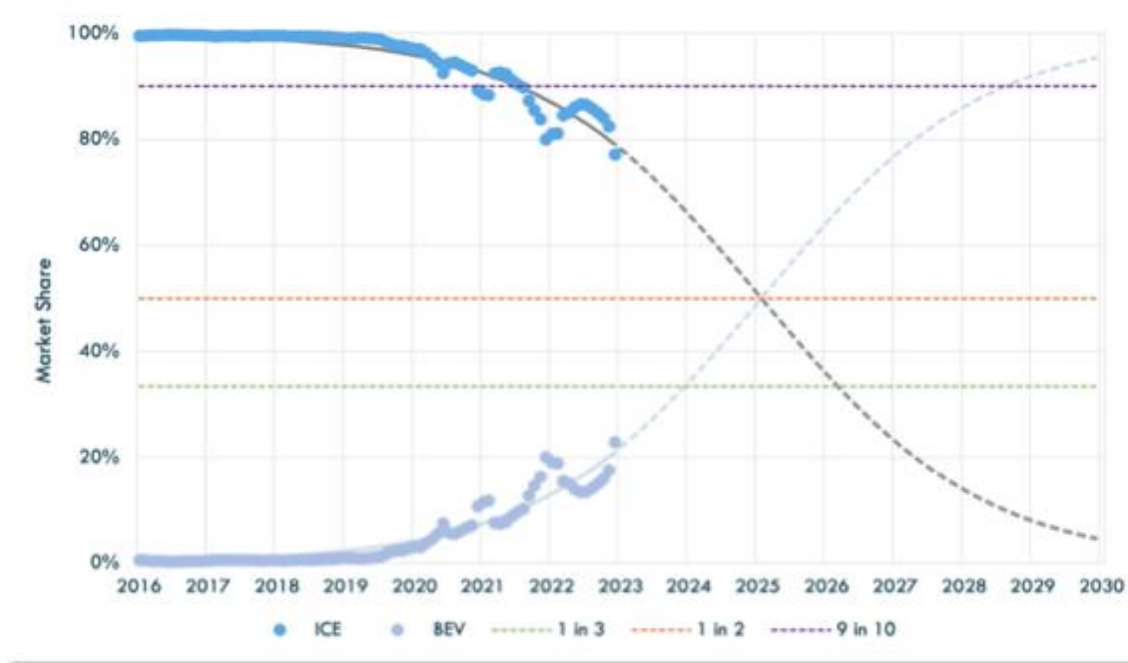


Media headlines are centered around their year of publication.

* Sources: IEA, CNET, Time, Forbes, InsideHook, Manhattan Institute.

Electric Vehicle Sales: S-Curve Oil Substitution Risk

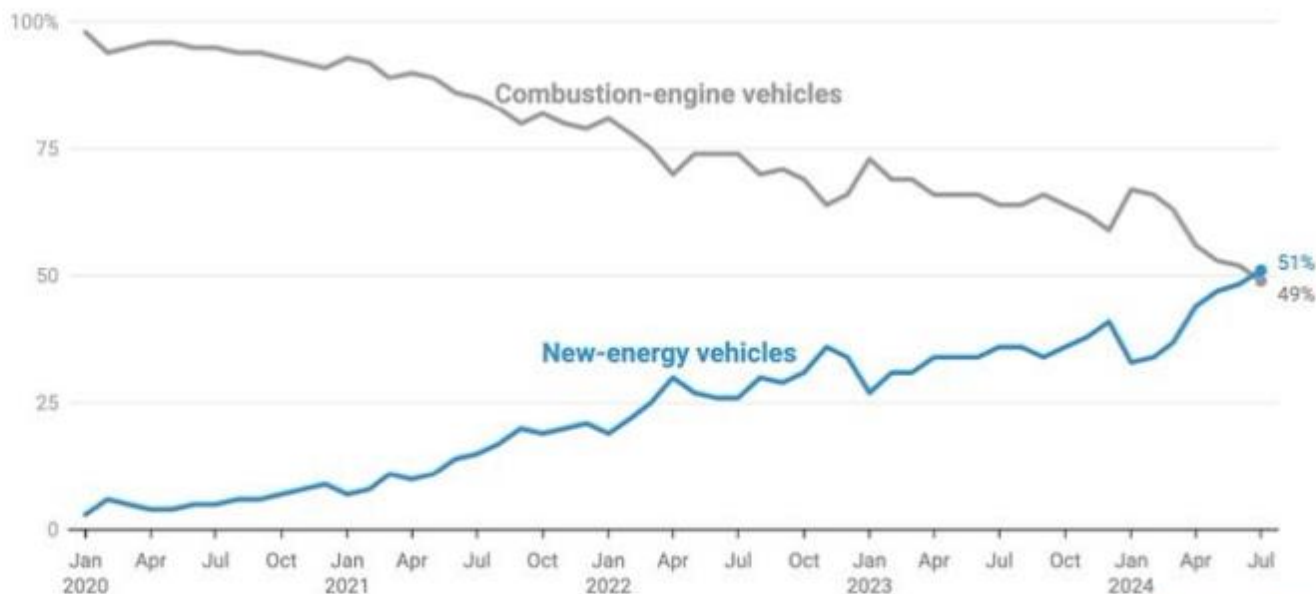
UK New Vehicle Sales – BEV & ICE Market Share



Electric Vehicle Sales: Chinese EV's just outsold ICE

New-energy vehicles just topped 50% of the Chinese car market for the first time

Share of passenger car retail sales in China, %



Source: China Passenger Car Association

And automakers under siege

Markets are discounting growth expectations of ICE manufacturers and rewarding growth from cheap(er) EVs



2024 - YTD share prices

BMW - 35%

Toyota - 33%

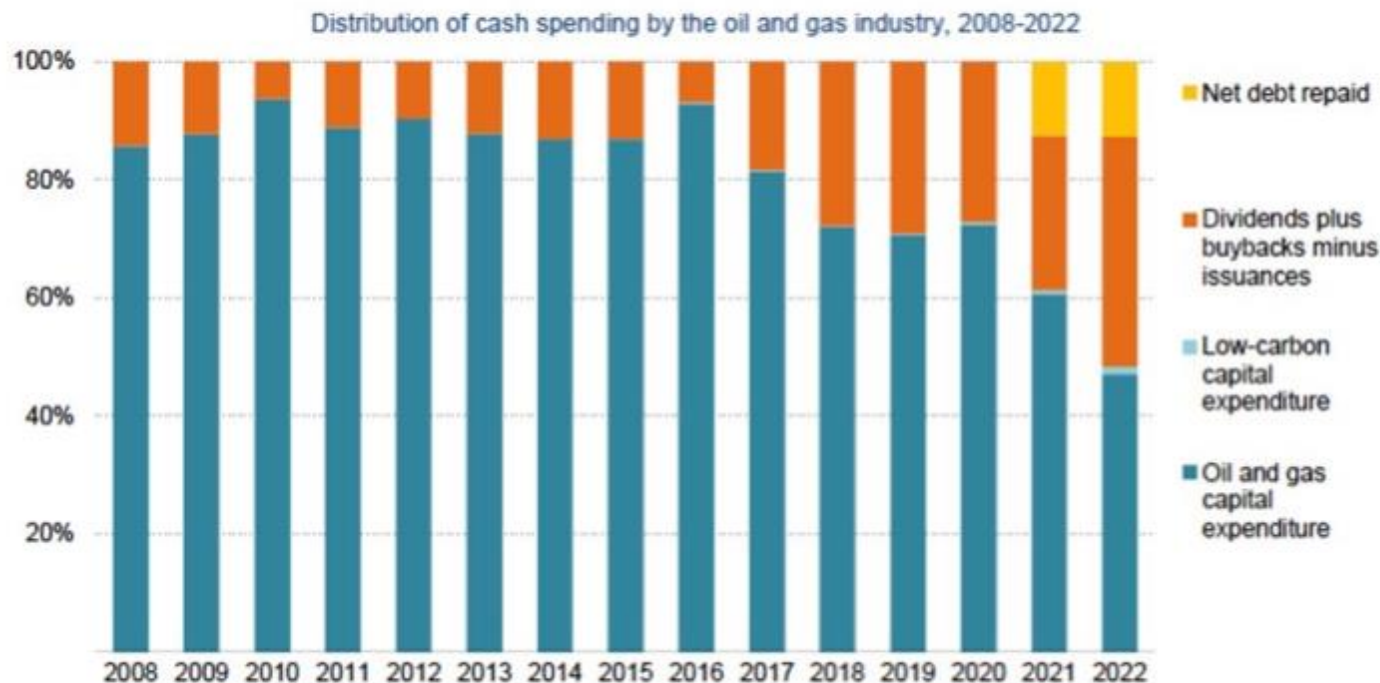
VW - -21%

BYD + 34%



Source: <https://uk.marketscreener.com/quote/stock/BMW-AG-56358353/graphics-comparison/>
September 2024

Less than half of O&G Industry's unprecedented cash flow is going back into traditional supply



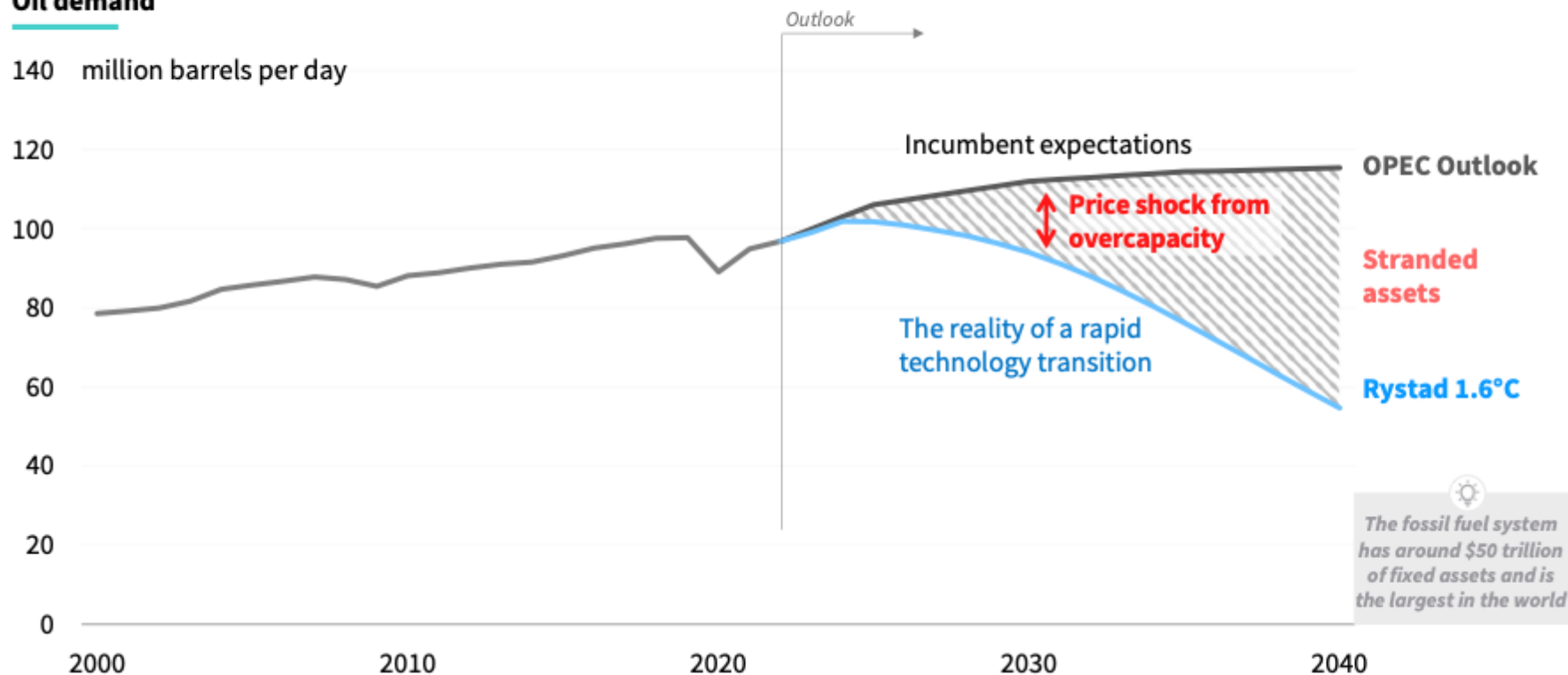
Only a small fraction of cash flow is invested in clean technologies


Distribution of cash spending by the Oil and Gas Industry, 2008-2022

The fossil fuel system faces trillions in stranded assets

Assets get stranded at the top of the market, and disruption is driven by price changes

Oil demand




The fossil fuel system has around \$50 trillion of fixed assets and is the largest in the world

Disclaimer

Carbon Tracker is a non-profit company set up to produce new thinking on climate risk. The organisation is funded by a range of European and American foundations. Carbon Tracker is not an investment adviser, and makes no representation regarding the advisability of investing in any particular company or investment fund or other vehicle. A decision to invest in any such investment fund or other entity should not be made in reliance on any of the statements set forth in this publication. While the organisations have obtained information believed to be reliable, they shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages. The information used to compile this report has been collected from a number of sources in the public domain and from Carbon Tracker licensors. Some of its content may be proprietary and belong to Carbon Tracker or its licensors. The information contained in this research report does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities within any jurisdiction. The information is not intended as financial advice. This research report provides general information only. The information and opinions constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made by Carbon Tracker as to their accuracy, completeness or correctness and Carbon Tracker does also not warrant that the information is up-to-date.'





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Close - Next Steps

Julia Dreblow
Founder & CEO

SRI Services & Fund
EcoMarket



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Upstairs slides

SRI Services & Partners Annual Good Money Week Event

The sustainable investment event for financial advisers, planners and wealth managers



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Coming up - Morning

10:00 – 10:10 - **Welcome** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

10:10 – 10:25 - **Good Money Week update** – James Alexander, CEO – UKSIF

10:25 – 10:45 - **Fund EcoMarket & industry update** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

10:45 – 11:30 - **Fund Manager Session 1: Exploring the new SDR regime and labelling process**

- Therese Niklasson – Newton Investment Management
- Caroline Langley – Quilter Cheviot Investment Management
- David Harrison – Rathbones Asset Management
- Seb Beloe – WHEB Asset Management

11:30 – 11:50 - **Coffee break**



Coming up next - Morning

11:30 – 11:50 - **Coffee break**

11:55 – 12:25 - **Fund Manager Session 2: Beyond the labels**

- Miranda Beacham – Aegon Asset Management
- Clare Wood – Stewart Investors
- Adam Robbins – Triodos Investment Management

12:30 – 13:15 - **MORNING KEYNOTE** – Sacha Sadan – FCA, Director of ESG

13:20 – 14:20 - **Lunch break**

13:35 – 14:05 - **‘Portfolio managers share responses to recent developments’** - This theatre

- Paris Jordan - Charles Stanley
- Will Slater - King & Shaxson
- Ben Palmer - LGT Wealth Management
- Jade Coysh - Momentum Global Investment Management
- Daniel Babington - TAM Asset Management

13:20 – 14:20 - **Lunch break**

13:35 – 14:05 - **‘Portfolio managers share responses to recent developments’**



**CHARLES
STANLEY**

Paris Jordan
*Head of Responsible
Investing*
Charles Stanley



KING & SHAXSON
Asset Management | Investment | Life Science

Will Slater
*Business Development
Manager*
King & Shaxson



LGT Wealth
Management

Ben Palmer
Lead Portfolio Manager
LGT Wealth
Management



momentum
global investment management

Jade Coysh
*Responsible Investment
Specialist & Senior Analyst*
Momentum Global
Investment
Management



tam ASSET
MANAGEMENT

Daniel Babington
Portfolio Manager
TAM Asset
Management



Coming up next - Afternoon

14:20 – 14:30 - **Welcome back**

14:30 – 14:55 - **GUEST SPEAKER** – Mike Clark, Founder & Director – Ario Advisory

14:55 – 15:20 - **Fund Manager Session 3: Leading change**

- Duncan Downes – Pictet Asset Management
- George Crowdy – Royal London Asset Management
- Jeneiv Shah – Sarasin & Partners

15:25 -16:05 - **Fund Manager Session 4: Articulating sustainability with confidence**

- Clémence Chatelin – CCLA Investment Management
- Matthew Jennings – Fidelity International
- David Nicholsby – Greenbank
- My-Linh Ngo – RBC BlueBay Asset Management

16:05 – 16:25 - **Coffee break**



Coming up next - Afternoon

16:05 – 16:25 - **Coffee break**

16:25 – 16:50 - **Fund Manager Session 5: Leading change**

- Stephanie Williams – Schroders
- Ben Constable-Maxwell – M&G Investments
- Mike Appleby – Liontrust Asset Management

16:50 – 17:15 - **AFTERNOON KEYNOTE** – Mark Campanale – Founder & Director, Carbon Tracker Initiative

17:15 – 17:30 - **Close** – Julia Dreblow, Founder & CEO – SRI Services & Fund EcoMarket

17:30 – 20:30 - **Drinks reception & canapes**

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Holding slides

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