

Fi360

A Broadridge® Company

Mastering and Practicing ESG Investing



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Ready for Next

MASTERING & PRACTICING ESG INVESTING WEBINAR

Allison Adams
CFA Institute
AMERICAS Institutional Relations



A UNIQUE FORCE WITHIN THE INVESTMENT PROFESSION



- A global not-for-profit organization
- The world's largest association of investment professionals
- Industry leader promoting the highest standards of ethics, education, and professional excellence
- A vast global network of members, societies, and relationships with key financial organizations around the world

CFA Institute Mission:

To lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society

PRACTICE QUESTION

Out of the following ESG issues, which **THREE** are most directly **Environmental** issues?



- A. Climate change
- B. Air and water pollution
- C. Government and community relations
- D. Water scarcity
- E. Succession planning

PRACTICE QUESTION

Out of the following ESG issues, which **THREE** are most directly **Social** issues?



- A. Health and safety
- B. Supply chain management
- C. Energy efficiency
- D. Diversity and equal opportunity
- E. Protection of minority shareholders

PRACTICE QUESTION

Out of the following ESG issues, which **THREE** are most directly **Governance** issues?



- A. Bribery and corruption
- B. Deforestation
- C. Data protection and privacy
- D. Separation of CEO and Chairman
- E. Executive remuneration

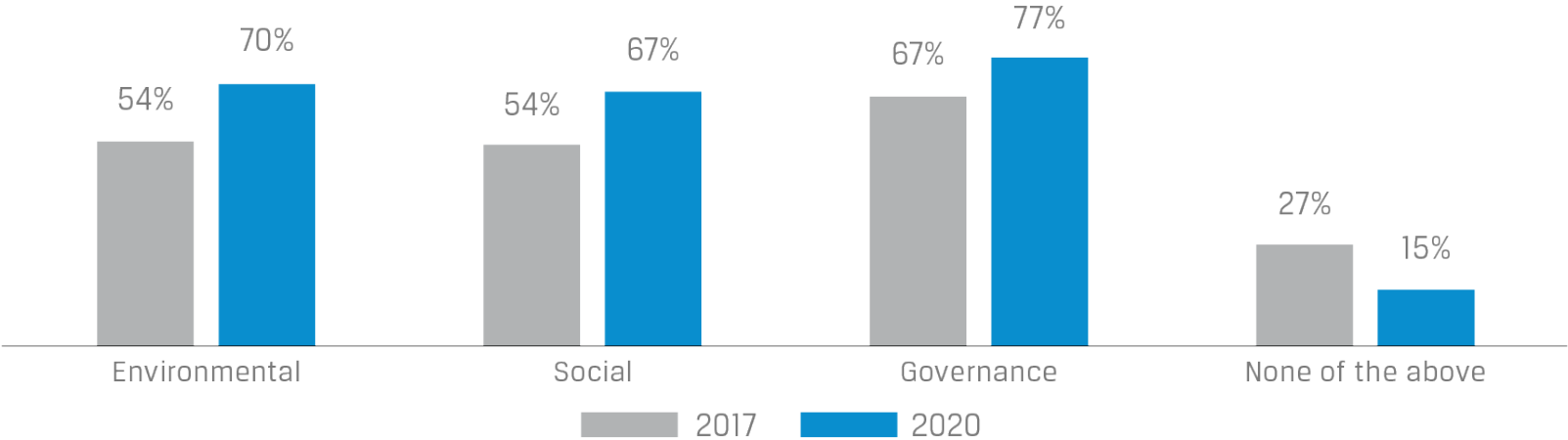
EXAMPLES OF ESG ISSUES

Environmental Issues	Social Issues	Governance Issues
<ul style="list-style-type: none"><input type="checkbox"/> Climate change and carbon emissions<input type="checkbox"/> Air and water pollution<input type="checkbox"/> Biodiversity<input type="checkbox"/> Deforestation<input type="checkbox"/> Energy efficiency<input type="checkbox"/> Water management<input type="checkbox"/> Water scarcity	<ul style="list-style-type: none"><input type="checkbox"/> Customer satisfaction<input type="checkbox"/> Data protection and privacy<input type="checkbox"/> Gender and diversity<input type="checkbox"/> Employee engagement<input type="checkbox"/> Community relations<input type="checkbox"/> Human rights<input type="checkbox"/> Labor standards	<ul style="list-style-type: none"><input type="checkbox"/> Board composition<input type="checkbox"/> Audit committee structure<input type="checkbox"/> Bribery and corruption<input type="checkbox"/> Executive compensation<input type="checkbox"/> Lobbying<input type="checkbox"/> Political contributions<input type="checkbox"/> Whistleblower schemes

GROWTH IN ESG INVESTING IN THE LAST THREE YEARS

85% of CFA Institute members surveyed now take E, S and/or G factors into consideration in their investing, up from 73% in 2017

WHICH, IF ANY, OF THE FOLLOWING ESG AREAS DO YOU AND/OR YOUR ORGANIZATION TAKE INTO ACCOUNT IN YOUR INVESTMENT ANALYSIS OR DECISIONS?
(SELECT ALL THAT APPLY)

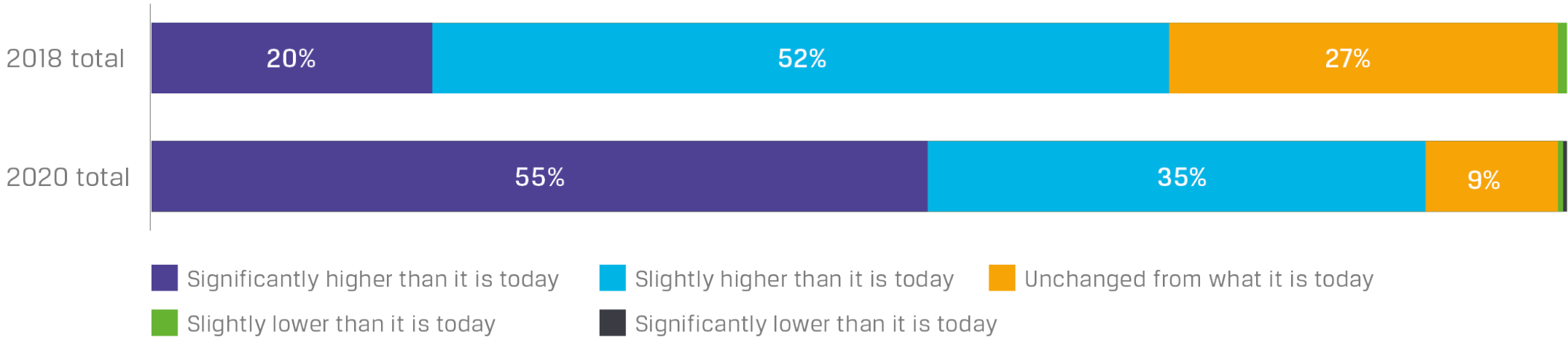


N = 1,585 in 2017 and N = 2,683 in 2020

90% EXPECT THEIR FIRMS WILL HAVE A GREATER COMMITMENT TO ESG RESEARCH IN THE NEXT 5-10 YEARS

Expectations are much higher than just two years ago

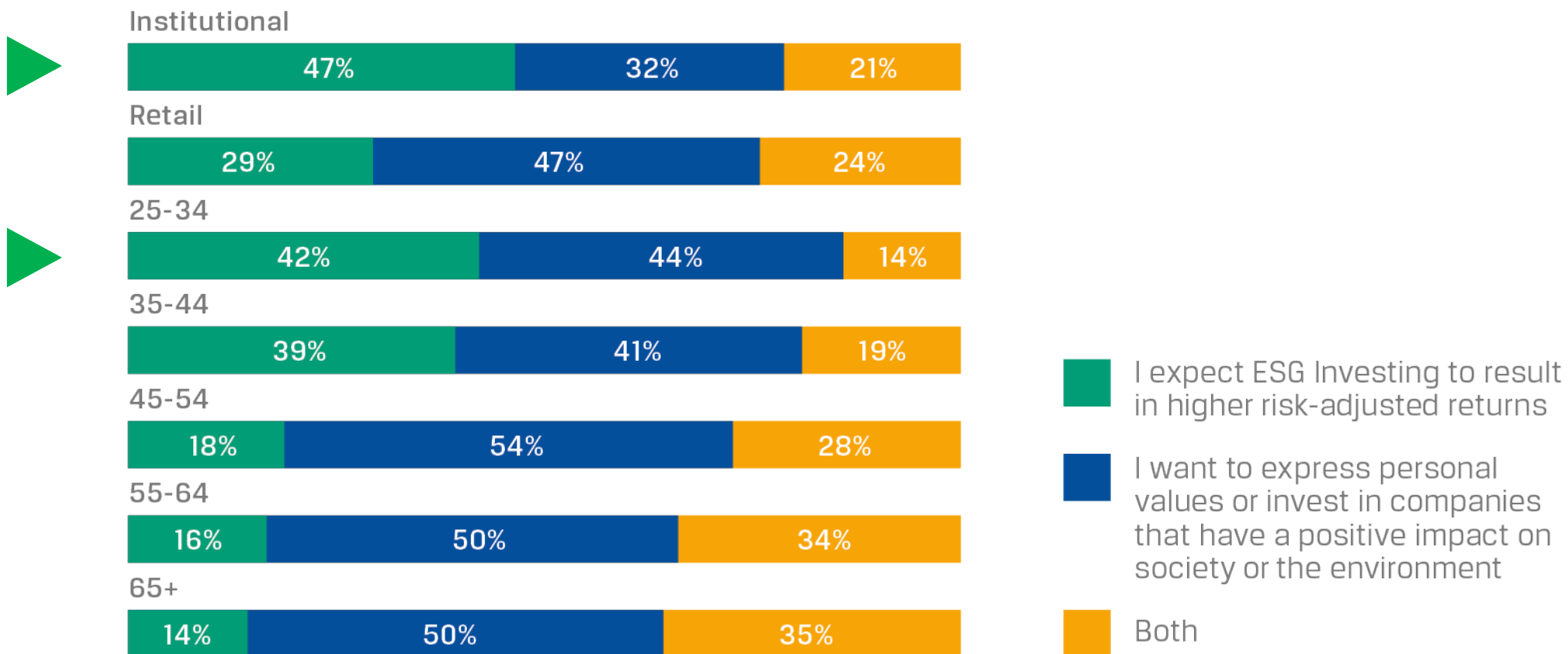
IN THE NEXT 5-10 YEARS, I EXPECT MY FIRM'S FUTURE COMMITMENT TO THE RESEARCH OF ESG AND SUSTAINABILITY ISSUES WILL BE:



N = 2,206 in 2018 and 2,125 in 2020; includes 244 CEOs/CFOs/CIOs

CLIENT MOTIVATIONS

WHICH BEST DESCRIBES YOUR INTEREST IN ESG INVESTING? (ASKED OF THOSE WITH AN INTEREST IN ESG INVESTING)



N = 2,505 for retail investors and N = 864 for institutional investors

OVERVIEW OF THE CERTIFICATE IN ESG INVESTING



CFA Institute®
Certificate in ESG Investing

A COMMITTED APPROACH TO ESG INVESTING

With the growing interest from investors, ESG investing is fast becoming a driving force across the investment management industry.

The **Certificate in ESG Investing** delivers the new skills, mindsets and strategies that are needed in one industry-respected qualification program.

It can help your firm stay competitive in this new landscape, and help your employees learn to integrate ESG factors into their investment analysis and client conversations.

76%

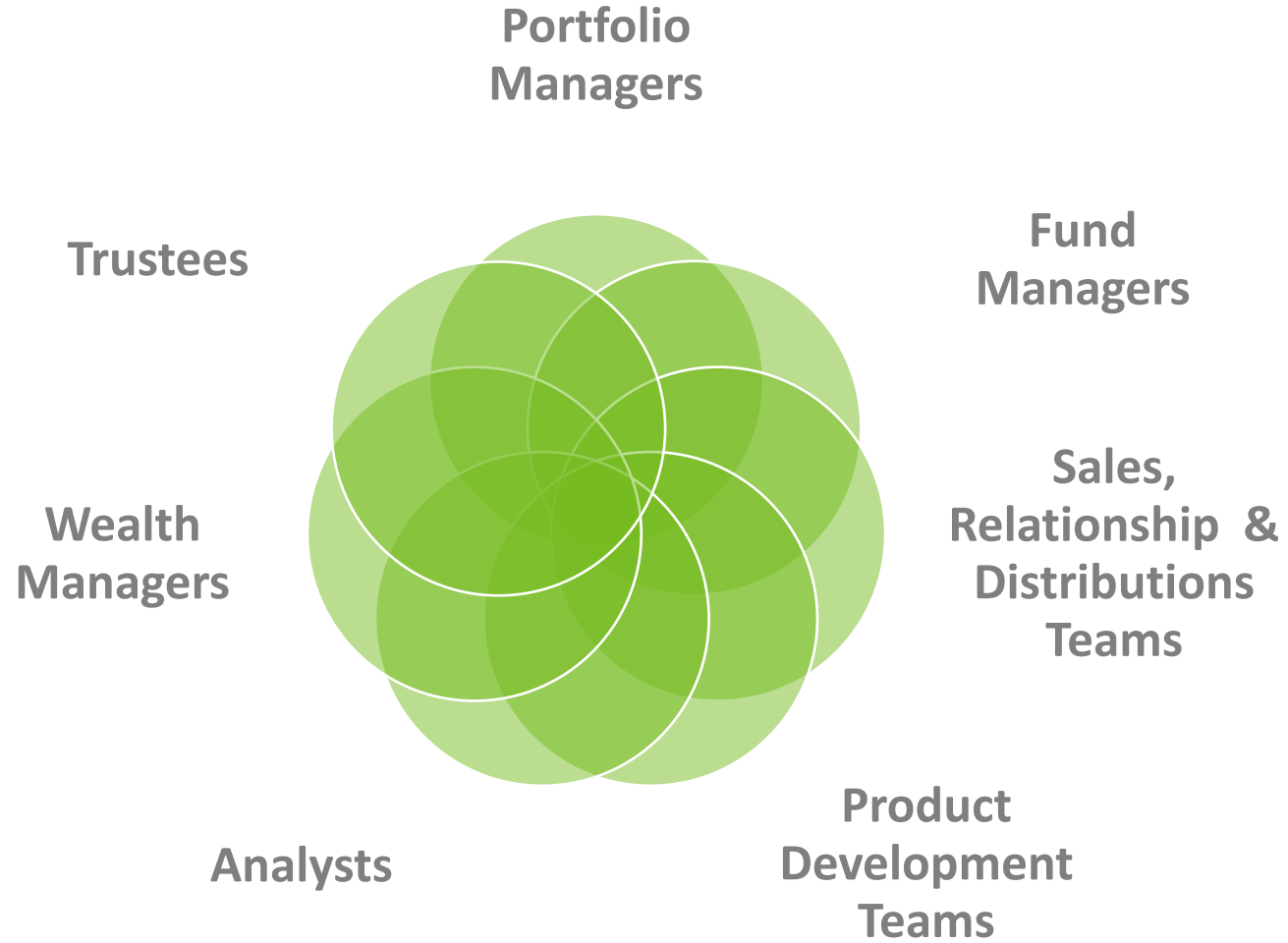
of institutional investors and

69%

of retail investors have interest in ESG¹

¹Source: CFA Institute Earning Investors Trust, 2020

WHO IS THE CERTIFICATE DESIGNED FOR?



HOW TO EARN THE CERTIFICATE



A qualification **created by practitioners, for practitioners**, developed to deliver knowledge and skills required by investment professionals to integrate ESG factors into the investment process.



Self-paced study program, supported by a dedicated training manual.

Recommended study time is **130 hours on average**.

No formal entry requirements but prior investment knowledge is helpful.



2 hour 20 minute exam, 100 questions: multiple choice and item sets.

Price is **USD 675** including study materials and exam registration.

Testing is conducted through **Prometric Online Testing (Pro-Procter) or Prometric Test Centres**.



Over 10,000 registrations since launch in 2019.

Leading employers are:

- adding it to approved training subsidy programs;
- mandating it for certain job functions;
- Referencing employee pass rates as a metric in RFPs and pitch books.

SYLLABUS OVERVIEW

**Introduction to ESG
(4-8 questions)**

CHAPTER 01.

**The ESG Market
(4-8 questions)**

CHAPTER 02.

**Environmental Factors
(6-12 questions)**

CHAPTER 03.

**Social Factors
(6-12 questions)**

CHAPTER 04.

**Governance Factors
(6-12 questions)**

CHAPTER 05.

**Engagement and Stewardship
(6-10 questions)**

CHAPTER 06.

**ESG Analysis, Valuation and
Integration
(20-32 questions)**

CHAPTER 07.

**ESG Integrated Portfolio
Construction and Management
(8-14 questions)**

CHAPTER 08.

**Investment Mandates, Portfolio
Analytics and Client Reporting
(4-8 questions)**

CHAPTER 09.

THANK YOU



To learn more or register, scan
the QR code below!



SCAN ME

Responsible Asset Management

Presented by

Martin Jarzebowski, CFA

Director of ESG and Responsible Investing

October 2021

Responsible investing in action

Look beyond the label

People



In-house ESG expertise

- Global team of ESG specialists
 - Including PhDs, climate change experts, lawyers, former corporate sustainability managers
- Not solely reliant on outsourcing ESG research

Stewardship



Active engagement division

- Decades of direct board-level and high-touch ESG outreach
- Performed by sustainability experts
- Combine unique fundamental and ESG insights

Tools



Proprietary analytics

- Long-term ESG engagement database with measurable outcomes
- Proprietary ESG tools for custom portfolio-level reporting

Commitment



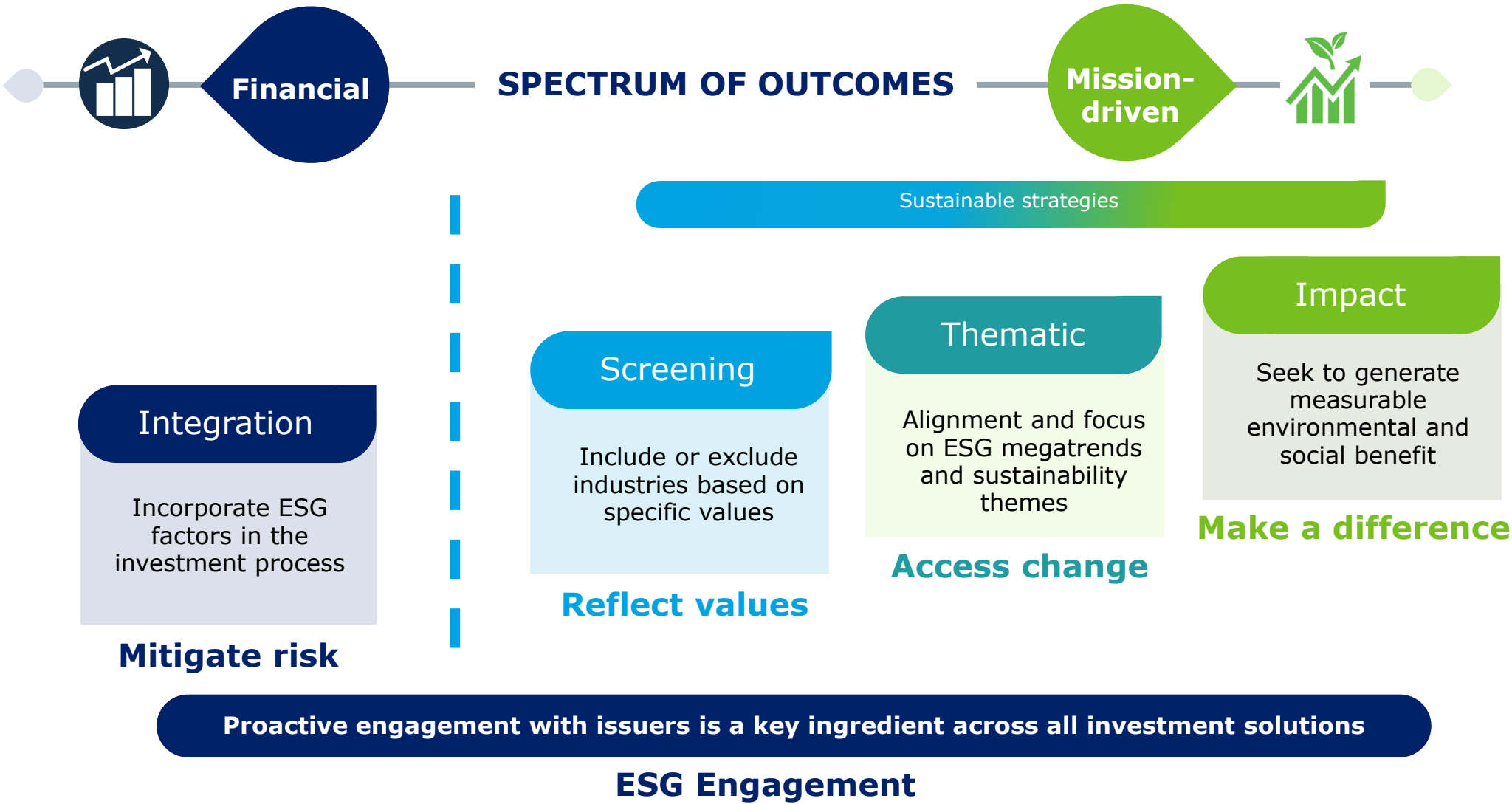
Firm-wide integration

- Founding signatory of the UN PRI
- ESG integration across all investment teams and all asset classes
- Full spectrum of responsible investment solutions

For illustrative purposes only. Does not represent an investment recommendation.

Integration vs Sustainable

Clarify product categories



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Federated Hermes Responsible Investing Institute

CE eligible ESG training modules

Three interactive,
web-based training
modules

Free downloadable
handouts, videos and
podcasts

Contact your
Federated Hermes
representative

Lesson 1

ESG 101

- Identify what ESG is and what it is not
- Define key concepts, themes and the different approaches to responsible investing
- Recognize what drives client demand
- Seek to uncover the link to alpha*
- Distinguish between ESG in active versus passive strategies

Lesson 2

ESG data and investment implementation

- Understand authentic ESG integration practices
- Navigate the ESG data landscape and understand its limitations
- Understand that ESG investing is fundamental investing
- Recognize the value of engagement

Lesson 3

ESG business implementation

- Talk about ESG with new and existing clients
- Discover if a client is interested in ESG
- Differentiate between ESG best practices and the bare minimum
- Understand client reporting on ESG
- Identify which asset managers show the needed ESG commitment, expertise and proprietary capabilities

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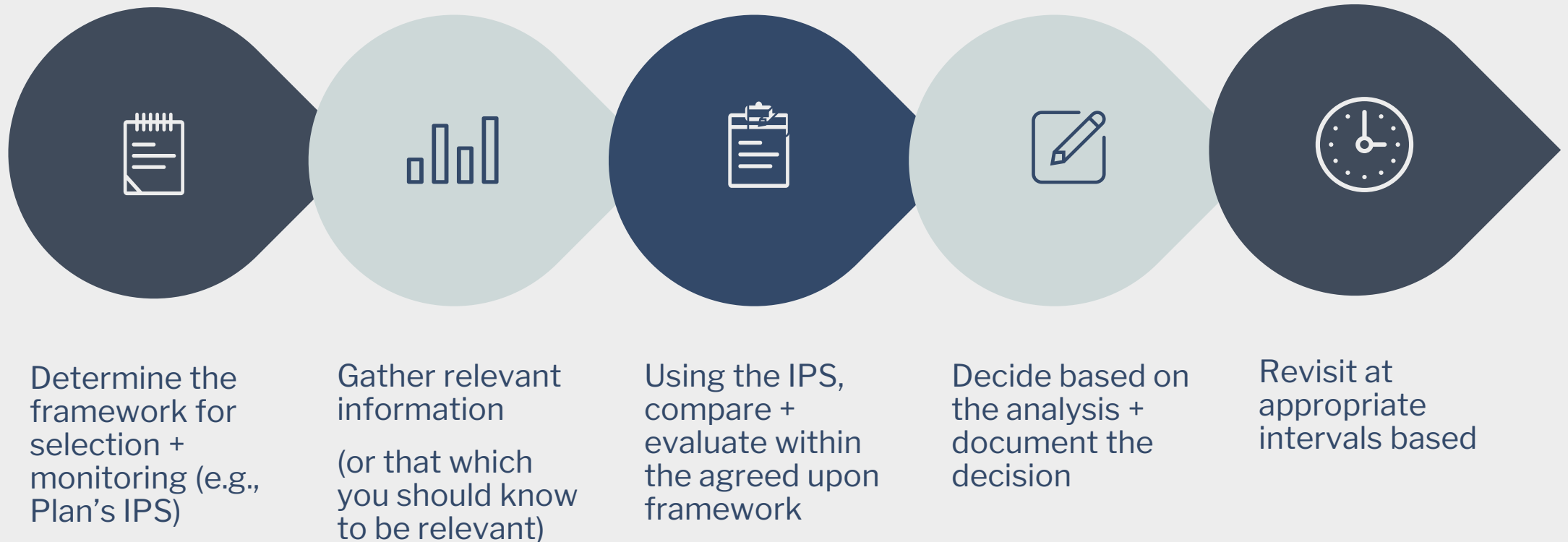
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Investment Selection + Monitoring

Requires a prudent process and loyalty to participants and beneficiaries (ERISA Section 404)



Gathering + Analyzing ESG Data

1

Understanding
investment process

Integration, Inclusionary,
Exclusionary, Impact

2

Evaluating data, metrics
+ ratings

Where is the data coming from
and what does the score mean?

3

Asking about corporate
practices

From the sustainability report
to employee relations

ESG(k) Program from NAPA

Module 1: ESG Investing: The Advisor's Process	Module 2: ESG Investing: The Advisor's Process	Module 3: Putting ESG into Practice with Clients and Prospects
<ul style="list-style-type: none">• Identifying ESG factors• Applying materiality• Learning investment strategies used today	Learning how to follow a prudent process under ERISA by gathering and analyzing ESG factors	Putting it into practice with: <ul style="list-style-type: none">• Plan sponsor clients• Prospective clients• Participants

Contact Us

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Download our Guide available at:
<https://endeavor-retirement.ac-page.com/napa-summit-esg-guide-lp>

