

Introducing AdvisorAction: The Network that Enables Advisors to Engage

What is AdvisorAction? AdvisorAction is not ESG, it is not about impact metrics, SDG calculators or Implied Temperature Ratings. It is about empowering Advisors to build a sustainable investment industry that allows them to give their clients what they want, sustainable investment funds that actually make a difference.

From climate change to modern slavery and mental health to biodiversity the world faces an unprecedented number of significant sustainability challenges. If un-addressed these will impact upon our communities, our planet and – in time – the valuation of our investments.

Being part of this change is a priority for retail investors. The FCA’s recent survey identified that that 81% of adults would like their investments to do good as well as deliver a financial return and fund-flows into sustainable investment products continues to be strong.

It is, therefore, critical that Advisors are at the forefront of this movement.

Why is AdvisorAction needed? Whilst financial advisors have played a key role in promoting the development of sustainable finance, the structure of the industry has meant that they have been cut off from one important way of driving change. This is engagement.

Engagement is one of the few ways that listed equity funds can drive change. When done well it can change company practice for the better. However, doing it properly takes resource and expertise. Something, that due to their scale, many intermediaries are not able to build on their own.

To address this CCLA is launching *AdvisorAction* and we want you to be part of it.

What will AdvisorAction Do? AdvisorAction will be a member-led organisation. It will:

- Facilitate **collaborative engagement** that seeks to deliver positive change at listed companies on the issues prioritised by members.
- Develop **training and development** to help increase the Advisors’ knowledge of key sustainable finance issues and to assist them.
- Host **networking and events**, AdvisorAction will host a small number of in-person events, each year.

How will AdvisorAction engage? AdvisorAction will facilitate advisors to engage in a number of ways.

- The AdvisorAction secretariat will lead engagement, on behalf of the group, with companies that are part of existing collaborations (such as Find It, Fix It, Prevent It – the investment industry’s approach to fighting modern slavery). All resources and outputs from these meetings will be shared with members and – when possible – individual members will be invited to join the discussions.

- The members will be able to select a small number of issues – or specific companies – that the secretariat will lead engagement on on their behalf. The number of these engagements will grow as the size of the group grows.
- AdvisorAction will provide a forum where members can seek collaborators or support for engagements that they wish to lead on their own.

How will the Secretariat Work? CCLA will provide a small secretariat to AdvisorAction. This will grow as the group grows.

What is the Governance? The work of Advisor Action will be overseen by a clear governance structure. This will ensure that the Group remains member-led. It will develop as follows:

- Initially, the group will be structured as an informal network. All founder members will be invited to nominate one senior employee to sit on an informal decision-making body
- Once Advisor Action reaches 20+ members a formal Advisory Committee will be formed. This will be formed of the AdvisorAction Executive Secretary and 8 member representatives.
- Finally, once the group has reached scale it will seek incorporation or charitable status. At this point the Advisory Committee will be transformed into a Board of Directors/Charity Trustees

What is the Business Model? To be influential AdvisorAction will need a commercially viable business model. Initially the Group and Secretariat be provided by CCLA free of charge so as to facilitate its growth.

However, once Advisor Action reaches scale (defined as 20+ members) a small membership fee will be levied. This will not be a profit-making exercise for CCLA, but will simply cover costs and allow the group to grow in its size, influence and activity through increased resource. The size of this subscription fee will be determined by the membership and set in a level that reflects the size of the participating advisor.

How are we starting? We are inviting a small number of advisors to join a round table to discuss the creation of AdvisorAction.