



European Financial Planning Association

EFPA ESG Advisor Syllabus

EFPA CERTIFICATE ON SUSTAINABLE FINANCE/ESG INVESTING

PREAMBLE

The EFPA ESG Advisor certificate offers a comprehensive insight into ESG topics and is addressed to all professionals interested in obtaining solid knowledge in this sector, specifically for financial advisors and planners.

The educational program of this standalone certificate should be covered in a minimum of 3 classroom days (or equivalent).

CONTENTS OF THE EFPA ESG ADVISOR CERTIFICATION

Module	Topic
Module 1	KEY DEFINITIONS, DEVELOPMENTS AND DRIVERS
Module 2	ESG FACTORS AND IMPACT ON SECURITY ANALYSIS/VALUATION
Module 3	SUSTAINABLE INVESTING APPROACHES AND STRATEGIES
Module 4	ENGAGEMENT: ELEVATING THE IMPORTANCE OF SUSTAINABILITY ISSUES AT COMPANIES' LEVEL
Module 5	SUSTAINABLE MUTUAL FUNDS AND COLLECTIVE INVESTMENT VEHICLES
Module 6	A MAIN EXAMPLE OF IMPACT INVESTING: GREEN BONDS AND SOCIAL BONDS
Module 7	SHORT ANALYSIS OF OTHER SUSTAINABLE FINANCIAL PRODUCTS
Module 8	EU LEGAL FRAMEWORK ON THE INTEGRATION OF ESG FACTORS BY INVESTMENT FIRMS AND FINANCIAL ADVISORS

This training, which covers all the fields of sustainable finance, allows an investment adviser to acquire solid ESG foundations while having his knowledge and skills in sustainable finance recognized through European certification.

THE CERTIFICATION IN DETAILS

Module 1 - KEY DEFINITIONS, DEVELOPMENTS AND DRIVERS	K	A	AP
a. Importance of environmental, social and governance risks for the economy			
b. The concept and risks of climate change			
c. Definition of sustainable finance and ESG investing			
d. Brief introduction to key concepts in ahistorical context –corporate and social responsibility, ethical, socially responsible, thematic and impact investing			
e. Main international Agreements: UN 2030 Agenda for Sustainable Development and Paris Agreement on Climate Change			
f. European Commission initiatives: Action Plan on Financing Sustainable Growth (including Taxonomy and Ecolabel) and European Green Deal			
g. UN PRI Interventions: Principles for Responsible Investment, Principles for Sustainable Insurance and Principles of Responsible Banking			

Module 2 - ESG FACTORS AND IMPACT ON SECURITY ANALYSIS/VALUATION	K	A	AP
a. Identification of the general environmental, social and governance factors/issues			
b. The concept of materiality and its importance for the ESG analysis			
c. Materiality map of ESG risks and opportunities among sectors			
d. Impact of ESG characteristics/profile on equity valuation, risk and performance (cost of capital, Beta, cash flows, growth rate...)			
e. Impact of ESG characteristics/profile on bond investments' risk/return (credit risk, default probability...)			
f. Reporting and sources of analysis of non-financial information (philosophy and scope of GRI, SASB and TFCF)			
g. Main providers ESG ratings and company analysis (Sustainalytics, Vigeo Eiris...)			

Module 3 - SUSTAINABLE INVESTING APPROACHES AND STRATEGIES	K	A	AP
a. Classification and basic principles of ESG investing approaches			
b. Negative screening approaches: exclusion/negative screening and norms based screening			
c. Positive screening approaches: best-in-class and integration			
d. Generating impact: Thematic investing and impact investing			
e. ESG considerations in the process of portfolio construction			
f. Trends over time and world regions			

Module 4 - ENGAGEMENT: ELEVATING THE IMPORTANCE OF SUSTAINABILITY ISSUES AT COMPANIES' LEVEL	K	A	AP
a. Understanding engagement versus exclusion/divesting			
b. Tools for engagement: active ownership/shareholders' activism, constructive dialogue and proxy voting			
c. The relevance of corporate social responsibility to attain and disclose sustainability goals			
d. Greenwashing and associated reputational responsibility/risk			
e. Role of institutional investors' engagement in investee companies to improve ESG practices/orientation			
f. Stewardship codes (Efama Stewardship Code)			

Module 5 - SUSTAINABLE MUTUAL FUNDS AND COLLECTIVE INVESTMENT VEHICLES	K	A	AP
a. Diversity of sustainable mutual funds based on different investing approaches			
b. Key findings of studies comparing ESG and traditional mutual funds			
c. Active and passive investing by sustainable mutual funds: the values and challenges of each approach.			
d. The market of sustainable ETFs.			
e. Definition of an ESG benchmark, variety of ESG benchmarks according to investing approaches and use of benchmarks for performance evaluation			
f. Climate benchmarks and low-carbon benchmarks			
g. The process and providers of ESG ratings for mutual funds			
h. How should investors and financial advisors read/interpret ESG/sustainable ratings?			

Module 6 - A MAIN EXAMPLE OF IMPACT INVESTING: GREEN BONDS AND SOCIAL BONDS	K	A	AP
a. Definition of green bonds and their role for environmental sustainability			
b. Eligible projects for green bond issues			
c. The green bond market (issuers, investors, trends...)			
d. Main differences between Green Bond Principles and the EU-green bond standard			
e. Pricing of green bonds versus pricing of conventional bonds			
f. Definition of social bonds and Social Bond Principles			
g. Green and Social together: sustainable bonds			

Module 7- A MAIN EXAMPLE OF IMPACT INVESTING: GREEN BONDS AND SOCIAL BONDS	K	A	AP
h. Definition of green bonds and their role for environmental sustainability			
i. Eligible projects for green bond issues			
j. The green bond market (issuers, investors, trends...)			
k. Main differences between Green Bond Principles and the EU-green bond standard			
l. Pricing of green bonds versus pricing of conventional bonds			
m. Definition of social bonds and Social Bond Principles			
n. Green and Social together: sustainable bonds			

Module 8 - A MAIN EXAMPLE OF IMPACT INVESTING: GREEN BONDS AND SOCIAL BONDS	K	A	AP
<p>a. Main EU-level harmonized criteria to determine whether an activity is environmentally sustainable.</p> <p>b. Disclosure of information by investment firms and financial advisors on the integration of sustainability risks in investment decision-making processes and advice on financial products. Introduction to:</p> <ul style="list-style-type: none"> - Due diligence policies with respect to adverse impacts of investment decisions on sustainability factors. - Information on the consistency of the remuneration policies with the integration of sustainability risks. - Pre-contractual disclosures on the integration of sustainability risks. - Pre contractual and post-contractual information in the case of financial products with an ESG objective or that promote ESG characteristics. <p>c. Integration of sustainability factors under the UCITS, AIFMD and MIFID II regulations. Introduction to the following concepts:</p> <ul style="list-style-type: none"> - Obligation for investment companies to integrate sustainability risks in the management of UCITS. - Sustainability risks and factors to be taken into account by Alternative Investment Fund Managers - Integration of sustainability factors and preferences into the product governance obligations. - Consideration of clients' preferences on ESG factors when evaluating the adequacy of providing financial advice, portfolio management services and insurance & pension products. Management of conflicts of interest. 			



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