

Our First Impact Report

June 2018 - April 2023



Introduction



I often describe the decision to start **Switchfoot Wealth** as one of achieving a professional and personal milestone, that of reaching 'peak cynicism' with my industry. I had lost my last set of rose-tinted-glasses and the only options that remained for me were to leave the industry entirely or try and do things differently. I am happy to say that I chose the second path.

Financial planning is often a degenerative force, harming the world with investments not aligned with a survivable future. But it has the potential to be so much more than this, in fact I believe that financial planning must change, and it must do so quickly, to become a regenerative force for good in the world. Indeed, there is no path to a sustainable future that does not reform financial services. What is more, there is no compromise, sustainable financial planning and sustainable investment practice is better for our clients, better for the economy and better for nature. It is based in climate science and the economic theory of doughnut economics, that seeks to meet the needs of people within planetary boundaries.

I have learned so much over the years, and with our increased knowledge has also come increased aspiration for what we can achieve. Our mission today could not be bigger, we want to change the world by changing money, at scale, and we think we have hit upon a formula to achieve this, not by growing to become a big company, we only ever envisage staying a small company with a small dedicated team - but by creating a best practice vision for the industry that can inspire others to change. If we can change a few of the right minds, then I believe we can have an effect that is massively outsized for such a little firm.

[continue...](#)

Introduction



I would like to thank first and foremost everyone of our amazing clients. They have bought into a vision of sustainable investment practice, and it is our intention to pay back their trust and support with careful and considered professional advice. I would like to thank my main collaborator in change Rebecca Trudgett FCA CTA , she is my business partner, my wife, my sounding board, her concept of Switchfoot - taking a new stance - is what kicked off the whole journey, but most importantly from a business perspective - she is my climate conscious accountant. Sound financial management is what makes change possible. Thank you to my team along the journey, Steve Day and Liam Clarke who took a leap of faith and joined Switchfoot to be part of the change. I would like to also thank all of the inspiring people I have learned from along the journey - too numerous to mention in this short introduction.

This is our first impact report, covering the first 5 years of Switchfoot Wealth, we will be updating it on an annual basis. I hope that you enjoy reading it.

Sebastian Elwell

Sebastian Elwell FPFS TEP

Director

Our Values



Challenge the norm



Be part of the solution



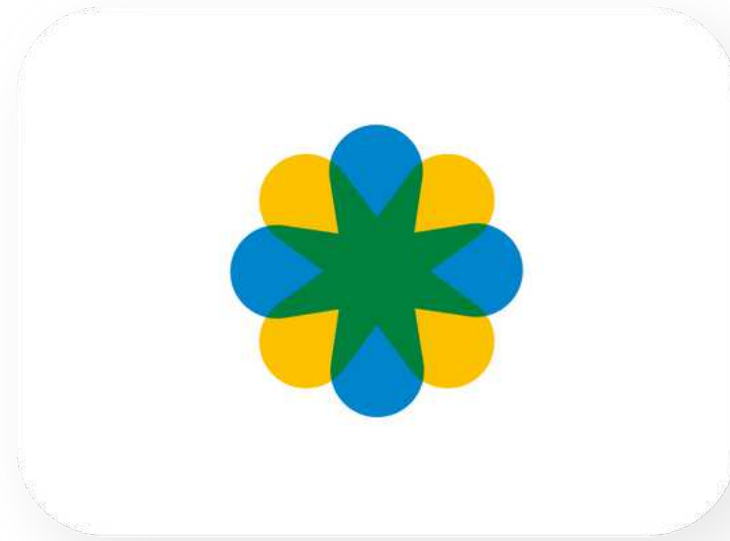
Collaboration



Walk the talk



Lifelong learning



Challenge the norm

What we want

A future worth planning for

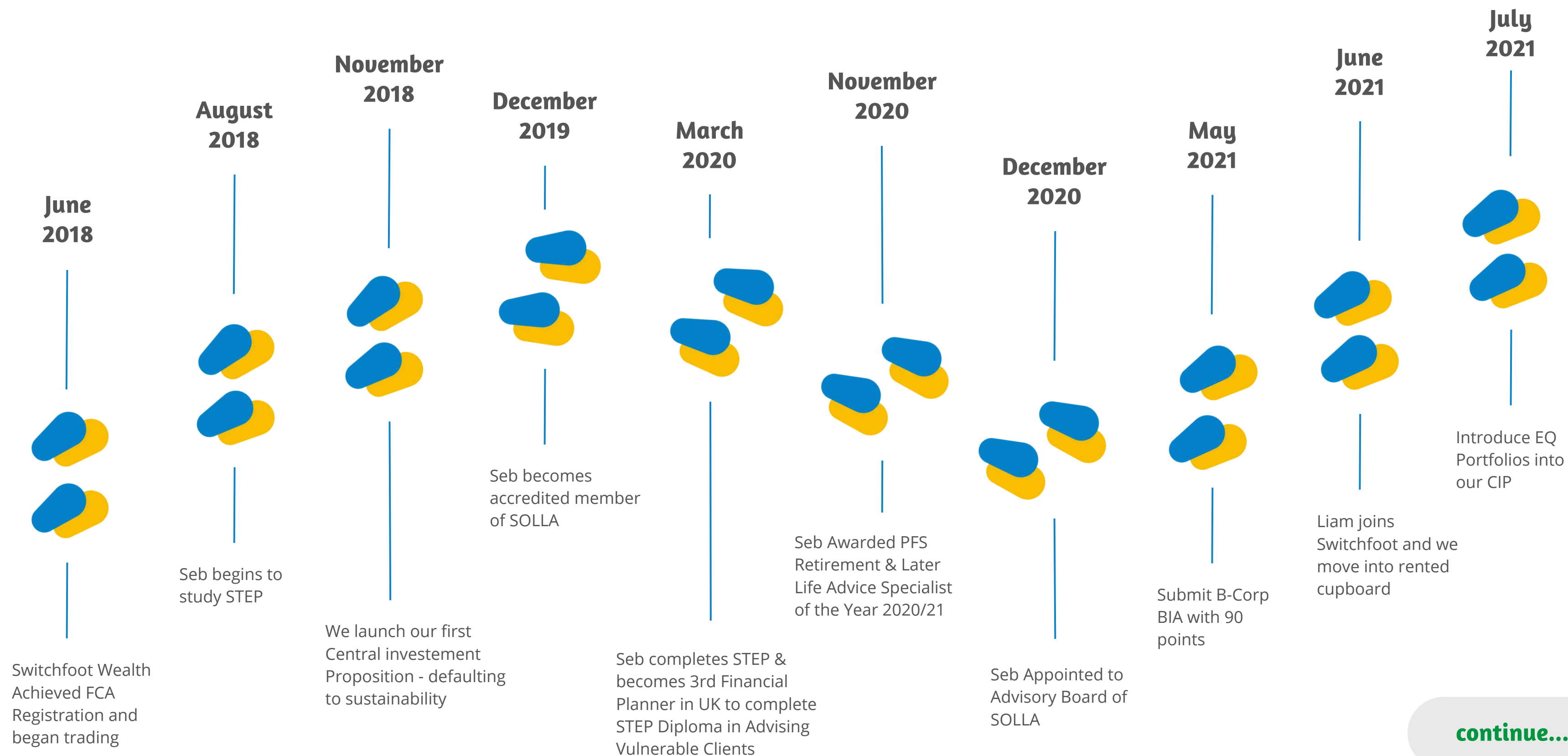
Inspired by the doughnut economics model

We want to build an economy of the future that enables people to live well, within the ecological ceiling imposed by planetary boundaries.

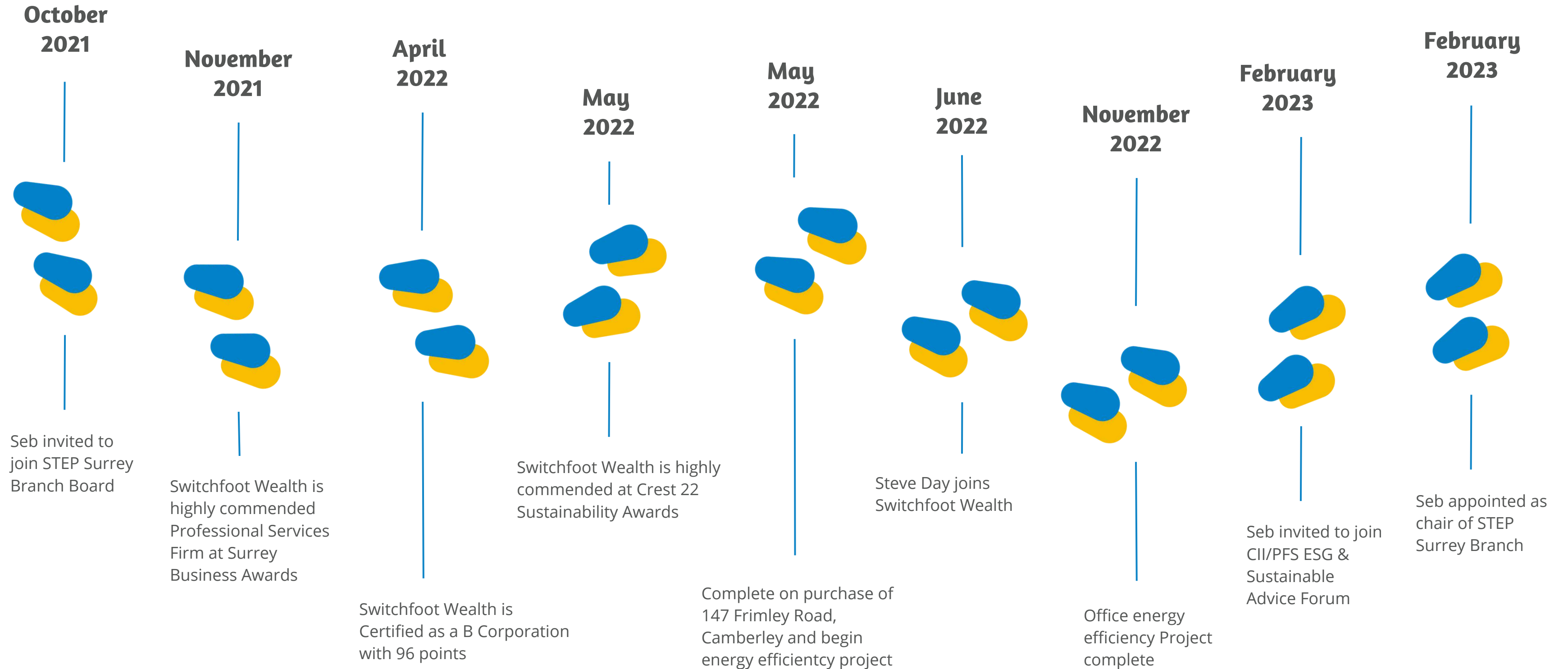


Watch our doughnut economics video [here](#)

What got us here



What got us here



Our Mission

To make sustainable financial planning the default. We strive to be a force for good in our clients' lives so they go on to be a force for good in the world.





Be a part of the solution



What is our Theory of Change

- Change the world by changing money.
- Change money by changing the rules of the game.
- To change the rules we need to collaborate with partners, have influence with them and demonstrate best practice and thought leadership

Watch our theory of change video [here](#)

Our Theory of Change in Action

Demonstrate Best Practice

Build Influence

Partners for Change

01

We use the conceptual tool 'reframe the default' to look at how and why we do what we do. This is what gives Switchfoot its name - its about taking a new stance on our business and borrowing best practice from across the professions and business more generally. Firstly, we need to prove that our ideas are commercially viable and that they chime with our clients. We need to ensure they are 'suitable' and fit into existing regulatory frameworks. If they are also climate conscious then they can become a model for what good looks like.

CLIMATE CONSCIOUS FINANCIAL PLANNING

Develop & demonstrate best practice



Financial Planning Assumptions

Assumptions about the future must be *reasoned* and *reasonable*. Yet we cannot find a set of assumptions for financial planning that take account of climate breakdown, or the possible future development pathways for the global economy.

We believe that assumptions about the future should be based in climate science.

Fortunately the IPCC publish a set of 'Shared Socio-economic Pathways' which describe the possible future development of the global economy and the effects on growth, equality and economic development. **Unfortunately** the financial planning industry has not picked up on these to build a set of climate conscious financial planning assumptions.

CLIMATE CONSCIOUS FINANCIAL PLANNING

Develop & demonstrate best practice



Mitigating and adapting to climate breakdown

The pace of climate change will accelerate, the impacts will become increasingly severe over the next 10-20 years.

Financial planning should help people plan for and fund the necessary **adaptations** to make survivable the changes already baked in to the system.

It should help people afford the technologies and lifestyle changes needed to **mitigate** and how they allocate their resources.

CLIMATE CONSCIOUS FINANCIAL PLANNING

Develop & demonstrate best practice



Climate breakdown is a later life issue

Climate change is often framed through the perspective of the young, but this is a misleading narrative for several reasons:





- The young have not (yet) been responsible for emitting GHG
- It implies the impacts of climate change will occur in future generations, reducing the urgency to act now
- The young do not control assets and cannot vote. Therefore they are powerless in society (except by the force of their moral argument)
- It will be too late to act if we wait for generational change.

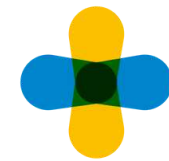
Reframing the debate to focus on climate change as a later life issue has the following immediate advantages:

- It recognises that the most immediate impacts will be felt by older people first
- Older people control a greater proportion of the wealth in society and are more likely to vote and therefore carry the responsibility to act – they have the power to effect change.

IMPACTS

Climate conscious financial planning

-  In the wake of COP26 I made the following [video](#).
-  Through 2022 we developed this into a new theory of climate conscious financial planning.
-  We shared the theory with fellow B Corp EQ Investors in a webinar. We reached 50 advisers. which you can watch [here](#)
-  We reached out to the University of Surrey to initiate a literature review to inform our new financial planning model.



Future Plans

We will continue to develop the climate conscious financial planning theory, basing the assumptions in climate science. We will share our research and methodology to inspire other financial planners to follow suit. We plan to launch the methodology in H2 2023.

Theory of Change

Demonstrate best practice

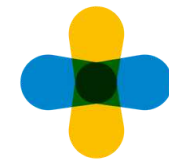
REFRAME THE DEFAULT

Demonstrate best practice

1.5 aligned - Central Investment Proposition

We have developed a sustainable first CIP - Central Investment Proposition. We do not ask people to opt-in to sustainability, but to opt-out.

Over the years our access to data has improved and we are now producing the newest version of our sustainable CIP which will be 1.5 aligned - with a credible pathway to net zero for the funds and following Science based Targets Initiative (SBTI).




Future Plans

Going forwards we are developing a methodology to report on carbon impacts of clients existing portfolios and we expect to make progress on this during the remainder of 2023.*

*reporting on carbon impacts of clients existing holdings means creating a methodology to review the carbon intensity of any and all retail investment products - not just the portfolios we typically recommend.

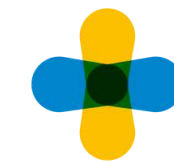
IMPACTS

Climate breakdown as a later life issue

-  Changing mindsets and the prevailing narrative that climate breakdown will only affect younger people in the future. Climate change is here and now and in the UK the people likely to suffer the most are ones already in vulnerable circumstances.

We consider the capital cost of adapting to climate change in peoples personal financial plans.

This could include the cost of micro generation, storage and off grid capability. The cost of electrifying heating, and mobility. And the need to consider how to keep cool. It can also include a consideration of the risks from extreme weather such as flooding or inflation due to technology change making current equipment obsolete or from price shocks in essentials such as heating & eating.



Future Plans

We will integrate this concept into our model of climate conscious financial planning.

Our Theory of Change in Action

Demonstrate Best Practice

Build Influence

Partners for Change



02

We are not the ones setting the rules, in order for our ideas to have any effect on the wider financial planning community, we must become a firm of advisers that have influence within our community. We achieve this through expertise. Which is to say that we take exams, deepen our knowledge, apply for certifications and awards. This way, we are more likely to be listened to.

Exams

Everyone at Switchfoot is expected to be working towards professional exams at all times. Switchfoot pays for exams and support, provides study time and employs career changers, training them in financial planning.

If ever we run out of professional exams then a budget is available to continue study into something else e.g. learn a language or learn to sail.

Society of Later Life Advisers (SOLLA)

- Seb** Later Life Adviser Accreditation
- Steve** Affiliate member (working towards LLAA)

Personal Finance Society (PFS)

- Seb** Chartered Financial Planner Fellowship
- Liam** Diploma in financial planning Working towards Chartered

Society of Trust and Estate Practitioners (STEP)

- Seb** Administration of Estates
Administration of Trusts
Advising Vulnerable clients
Full STEP Membership

Chartered Institute for Securities & Investment (CISI)

- Seb** CFA in Climate Investing (Currently Studying)

The London Institute of Banking and Finance (LIBF)

- Steve** Diploma for financial advisers Working towards Chartered

Awards

Awards showcase the progress we are making and open doors with partners for change.



Theory of Change

Build Influence

Financial planning plays a key role in society and provides an invaluable service to individuals, families and firms, giving clients confidence and clarity to help them meet their financial needs and longer-term goals and aspirations.

The Personal Finance Awards have achieved an enviable reputation as 'the ones to win' thanks to the rigorous judging process and recognition amongst your peers, and this year was no exception. In these challenging times, your contribution has made exactly that difference to the clients you serve, and I am delighted that you have been honoured so publicly.

Keith Richards

Executive Officer

The Personal Finance Society




Our Theory of Change in Action

Demonstrate Best Practice

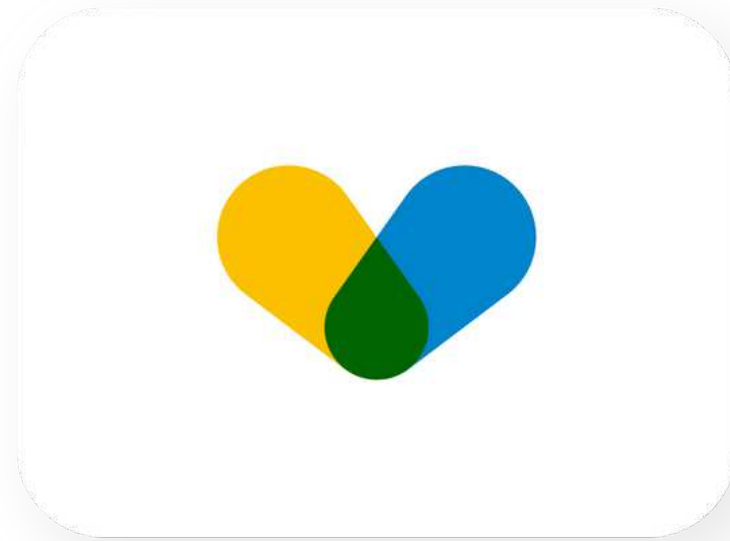
Build Influence

Partners for Change



03

It is through our relationships with partners for change that we can advance our mission and help move the conversation. We use the best practice ideas that we have demonstrated and the influence that we are building to contribute to the ongoing conversation of change within our industry and allied professions and organisations. We will seek out positions of influence and volunteer our time to support our partners for change.



Collaboration

Our Partners



Theory of Change

Partners for Change

SOLLA are a not-for-profit organisation that aims to connect people with accredited Later Life Advisers who understand the needs and issues that older clients face.

Seb is a member of the SOLLA Advisory board who - all in a voluntary capacity - assist the organisation in their direction and mission.

One of SOLLA's priorities is to improve later life advisers' skills when discussing and addressing older clients' needs when it comes to the way they and their clients experience climate change as well as the need to consider sustainability within their investment portfolios.

This is a key area that Seb has been leading on for SOLLA and is helping build our adviser facing proposition which will result in advisers' better engagement and conversations with clients when it comes to discussing issues such as home insulation and cooling, financing options including access to grants and support as well as sustainable investing.

Jane Finnerty

Director of The Society of Later Life Advisers (SOLLA)

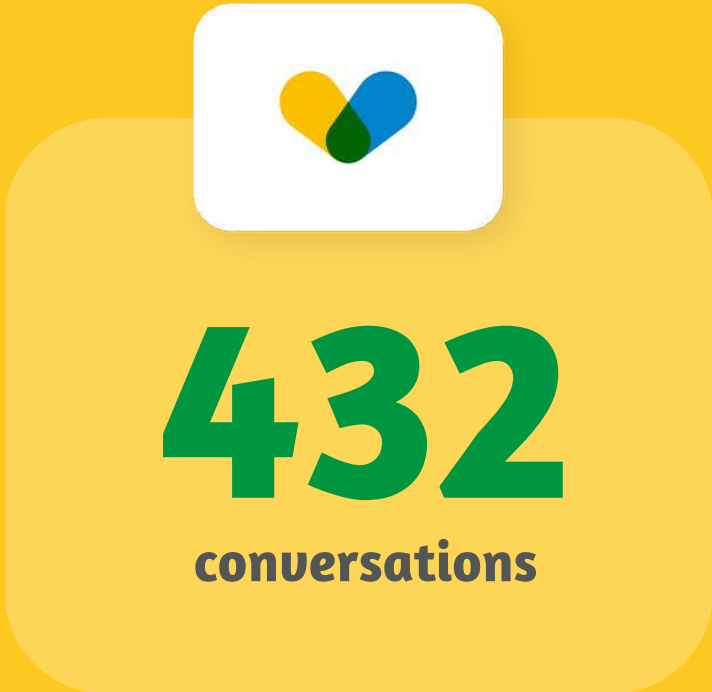


SOLLA
Society of Later
Life Advisers



Since becoming a SOLLA adviser we have held 432 care conversations with people in our locality looking for guidance on care funding.

We will continue to work with SOLLA as part of the Advisory Board, to develop the SOLLA Green Tick and best practice financial planning principles, volunteering our time and expertise and sharing knowledge through regional meetings and webinars.





Preventing Financial Abuse

LPA Reform

- During 2018 & 2019 we held seminars with the the TTF raising awareness of the issues
- In December 2019 Seb was speaker at the TTF Pensions Scams Symposium
- In June 2021 we organised with the TTF an online symposium 'protecting the wealth of the vulnerable elderly'
- Between July and October 2021 we participated in the Government Consultation on modernising LPAs and we helped the TTF co-ordinate their consultation response.
- Seb is an ambassador for the TTF.

[continue...](#)



Preventing Financial Abuse

Pension Scams

- In our work supporting the TTF against pension scams we have made a connection with New South Law - a law firm specialising in helping victims of pension scams.
- Switchfoot Wealth is their preferred IFA supplier, We have now received over 20 referrals from them to help their clients repair their financial plan after being victims of pensions scams.
- We have no minimum case size, we provide the sensitive support and trusted IFA advice for these vulnerable clients.
- We are providing ongoing training support to the law firm on what best practice should look like.



Certified B Corporation B Local Surrey

In the build up to certification we attended B Local Hampshire meet ups. We met other B Corps and B Leaders. A BIG thank you is owed to Paul Coverdale and Jaimie Harris from B Local Hampshire for inviting me to the group. Once we certified in April 2022 I was keen to network, connect and share knowledge with other B Corps. Because 'place' matters... we decided, in conversation with other local B Corps (in particular KYAN), to found B Local Surrey. Seb was then elected to be one of the 4 co-chairs the B Local.





[continue...](#)



Local Surrey was founded with the following aims:

- **To build** a supportive, inclusive community for certified B Corps and those on the journey.
- **To enable** knowledge exchange.
- **To grow the movement** in Surrey.
- **To grow the impact** in Surrey of businesses using business as a force for good.

B Local Surrey Stats (so far...)

-  First recognised November 2022
-  Connecting 23 B Corps active in and around Surrey
-  3 meet ups -some open, some just for B Corps
-  B Local LinkedIn group membership 85+



**Personal
Finance
Society**

The Personal Finance Society

The PFS are our professional body. They issue Statements of Professional Standing (SPS) which is a requirement to hold as a practicing regulated financial adviser.

Mentoring

We have been a member of the CII/PFS mentoring scheme (e-connect) since 2019 and Seb has been a mentor for 5 advisers that have gone on to make their own mark in the world.

CII/PFS ESG & Sustainable Advice Forum

In February 2023 - we have accepted an invitation to join the newly formed PFS ESG & Sustainable advice forum.



The Society of Trust & Estate Practitioners

Seb became a full member of STEP in 2019, he was invited to join the STEP Surrey Branch committee in 2021 and has recently been invited to become the new chair of the Surrey Branch.

This provides us a network to help understand and develop best practice for sustainable and regenerative practice within the private client world. We are already planning a 'later life conference' for later in the year which will be a good opportunity to introduce the climate change as a later life issue theme to a new audience.



Walk the talk

Our impact on planet, team and clients

B IMPACT ASSESSMENT

Switchfoot Wealth is a Certified B Corporation



We completed the B Impact Assessment which measured our impact across governance, workers, community, customers and environment. We scored 96 points at certification, with 80 points being the minimum to certify.

You can see our BIA [here](#).

We commit to continual improvement and measurement.

We love B Corp because it is a big bold idea - reform and replace capitalism with stakeholder capitalism.



Certified April
2022

OVERALL SCORE



96.3

GOVERNANCE



15.1

WORKERS



32.4

COMMUNITY



15.5

ENVIRONMENT



3.8

CUSTOMERS



28.9

Our biggest environmental effect, by a country mile, is how our clients are invested. We are helping our clients to be more environmentally friendly by making their money greener and more impactful. For most people, most of the time, (and certainly for our clients) how they invest and where they bank is the biggest effect they can have.



Unverified score
2023

OVERALL SCORE



~~96.3~~
124.3

GOVERNANCE



~~15.1~~
17.1

WORKERS



~~32.4~~
34.7

COMMUNITY



~~15.5~~
16.1

ENVIRONMENT



~~3.8~~
13.8

CUSTOMERS



~~28.9~~
42.1

In May 2022, all of our careful plans went out the window and were re-worked once we purchased an office. We focused on the environmental improvements that were now possible.

We continue to improve the % of funds under advice that have positive impacts as an objective alongside financial returns. We now have 58% of funds in positive impact solutions and over 65% somewhere higher up the 'spectrum of capital' from the standard industry default - this scores in the customer section of the BIA.

Our main focus for the next year will be in delivering our theory of change, incremental improvement in impact of investments and measuring water usage.



Impact starts at home

We own our office and we have sought advice to make it as energy efficient as we can afford to make it.



Walk the talk

Reduce

- Heating / cooling - Air source heat pumps installed
- Lighting - LED lighting with sensors
- Electricity - 'Last person out switch' installed

Smart Swaps

- Consumables - paper towels and toilet rolls bamboo products by Naked Sprout (B Corp)
- Cleaning products, dishwasher tablets etc - by SMOL or Ecover
- Corporate clothing by Banana Moon (B Corp)

Electrify

- Gas boiler replaced with new energy efficient electric boiler
- Electric car charger installed
- Bike storage added
- E-bike conversion kit for push bikes installed

Decarbonise

- Grid back up energy supplied by Octopus energy 100% renewable tariff. (B Corp)
- Web hosting by Krystal - 100% renewable (B Corp)
- Paper & Printing - online where possible otherwise unbleached recycled paper. EcoTank printer. Shredding recycled
- Roup-cycle contracted for sorting & recycling office waste
- Food waste collected and taken home with director for composting

Walk the talk

Reuse

- 'New' carpets were in fact second hand carpets
- 'New' Boardroom table used to be in a cake decoration school
- 'New' Boardroom chairs were second hand e-bay purchase
- 'New' office chairs were second hand e-bay purchases

Produce

- 7KW Solar array installed
- 9.5KW Battery Installed
- Inverter to power the office if the grid goes down installed

Buy to last

- Mobile phones by Fairphone (B Corp) - currently with EE as mobile supplier, but once the current contracts end we intend to move to Honest Mobile
- We made a tech mistake with Microsoft Surface tablets and laptops. At the end of their lives we will seek a more repairable and upgradeable solution.

Audit & Grants

We commissioned an energy report on the new office and implemented its core recommendations with support from LoCase grants. The lifetime savings of CO₂e from the solar panels, battery, ASHP and LEDs is estimated at 149 tonnes of avoided emissions.


149
Tonnes of CO₂e
Savings

How we measure carbon and investments



0.5

For the first 2 years of Switchfoot, our Scope 1&2 emissions were 0.5 tonnes of CO2e. That is 0.25 tonnes per year.



30.4

For years 3 & 4 our scopes 1,2&3 emissions were 30.4 tonnes of CO2e. That is 15.2 tonnes per year. But it ignores the effect of our clients investments.



1,160

We have measured the scopes 1&2 of our clients portfolios and it comes to 1,160 tonnes of CO2e per year.




12,000?

We are unable to measure the scope 3 of all the funds under management, but where we can we would estimate that scope 3 emissions are in the order of 10X greater than the scope 1 and 2.

Impact on our team

The commitment we make to the Switchfoot family



We support professional exams and if we ever run out of exams to take we have a budget for continued formal learning of any form.

We have a company pension of 5% +5% and invested in a sustainable portfolio.

We have a budget of £50 per worker per month for 'personal protection policies' such as life cover, income protection or critical illness insurance and a choice of benefits to suit the individual.

We pay the real living wage for a family with London weighting as a minimum.

Impact on our clients

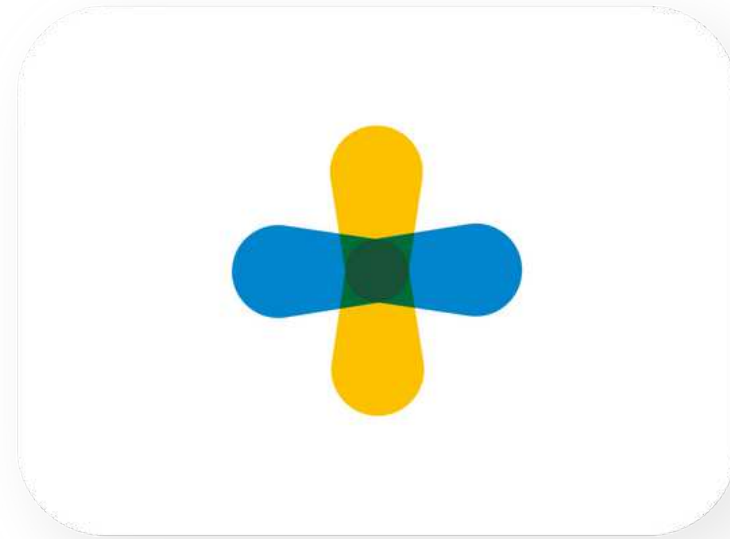
We see the holes in our economic model most clearly through the lens of vulnerability. Global heating will make us all vulnerable in time, but in its initial stages it affects people finding themselves in vulnerable circumstances with the greatest ferocity.

Who is potentially vulnerable and what can we do to mitigate their vulnerability?

Past victims of pension scams and future victims of LPA abuse. Their economic choice has been stolen, so they are unable protect themselves from the coming storm. Lasting powers of attorney are easy to abuse. Switchfoot can help repair their financial plans, and prevent them from becoming future victims.

Later life clients - who are are directly more vulnerable to physical climate risks. They have some of the longest financial planning timelines. This is because they often plan beyond their own life - they care about the legacy they are leaving and recognise that climate change is a later life issue. Switchfoot can plan intergenerationally.

Business owners - who don't have an 'employer' complying with employment law or a salary to rely on. Without good planning it is easy to put off the needs of tomorrow until it is too late. We need thriving small businesses that are a force for good in the world, led by owners that are building their own resilience and that of their team. Switchfoot helps business owners build resilient financial plans.



Lifelong learning

Looking forward

What comes next?

We will continue to work with SOLLA as part of the Advisory Board, to develop the SOLLA Green Tick and best practice financial planning principles, volunteering our time and expertise and sharing knowledge through regional meetings and webinars.

We will continue to explore ways of researching our total emissions from investments

We anticipate that new disclosure regulations for companies will make this increasingly possible over time. We are confident that our footprint from investments is well below the industry average, but a focus of next years report will be progress that we hope to make in reliable data and reporting.

Thank you!



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Follow us!

