

THE PATH TO SUSTAINABLE TRADING

From concept to launch in a locked down year

By Duncan Higgins, Founder and Director, Sustainable Trading

My very first conversation about what was to become Sustainable Trading took place on New Year's Eve 2020, while on a dog walk with a former colleague. I had been looking for a way to make a bigger (positive!) impact on the climate crisis. I had also been thinking about the finance industry and in particular, the impact of trading technologies as well as the resources consumed in analytical and algorithmic processes associated with trading. Through a series of chance conversations, it became obvious that the trading industry had been mostly omitted from the wide-ranging financial markets activities focused on ESG and sustainability.

As someone who considers themselves to be environmentally aware, I had often considered the impact we have on the world. Finding myself with time to think I became very keen to figure out how I could help. I felt, however, that I didn't have the right skills - or the network - to create a product to guide people towards more sustainable practices in the 'real economy'.

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At a time when ESG and sustainable investment had become a dominant investment approach, there hadn't yet been a connection to the operational impact of trading.

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The positive feedback I took away from that first conversation continued into 2021, as I engaged with my network of financial trading industry contacts. In an industry where cynicism is often the default thought process, the positive reaction of traders and others in the industry to the idea of an organisation that would mobilise the trading industry to improve its ESG impact was incredible.

Moreover, it seemed to resonate on both a personal and a professional level. On a personal level, and like me, people were looking at how they could make a positive impact in the world at large. Professionally, they could see the need for the trading industry to change and to be more closely aligned with the ESG goals of end investors, where purpose - alongside returns - was increasing in importance.

That early support developed into a diverse group of individuals working together to create Sustainable Trading. The later part of 2021 was spent refining the approach, better articulating the message, broadening support and finally, creating an organisation that will be the hub for ESG change in the financial markets trading industry.

Along the way, advice and ideas have been frequent and given freely. And it is this giving of ideas and help that gives me the most optimism for the future. The solutions that will decrease the environmental impact of our trading tools, and the activities that will change the industry so that those working within it are more reflective of wider society, will come from within the industry.

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There are many people involved in trading who have incredible skills and the motivation to create positive change. By harnessing expertise that resides within the industry we can figure out how we change for the better. Through sharing ideas, and by bringing people together to come up with new approaches, we will be able to positively impact the trading industry from an ESG perspective. Add to that our intention to create a framework for transparency on ESG progress and we have a model for continuous incremental improvements that will reduce the resource use of our industry and help develop an inclusive culture more reflective of our diverse society.

I am thrilled to have launched the initiative with the support and commitment of 30 firms representing the spectrum of participants in financial markets trading – banks, brokers, asset managers, exchanges and technology and service providers. This is the beginning of an exciting journey of positive ESG change for our industry.

I'd also like to take this opportunity to thank the firms and individuals that helped me to create and shape the Sustainable Trading proposition. Thanks go in particular to Clifford Chance, The Realization Group and Melanie Carpenter of big xyt for their generous support in taking a germ of an idea to what I am confident will be an industry-influential, market-changing initiative.

If these ideas resonate, speak to us about joining Sustainable Trading and contributing your skills - and the skills of others in your organisation to this important initiative. This is an opportunity to share ESG knowledge and insight beyond the walls of your company with members of Sustainable Trading for the greater benefit of the industry as a whole.

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Get in Touch

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