



ICSWG STRATEGY DAY OUTCOMES

Wednesday, 29th June 2022

PURPOSE

The ICSWG brings together leading UK investment consulting firms with the aim of seeking to improve sustainable investment practices across the investment industry.

As a group, we believe that more urgent and constructive action needs to be taken to address the systemic challenges we face, particularly in relation to climate change. We recognise that investment consultants form a critical link between asset managers and asset owners and that, by working together, we can help to facilitate positive change that benefits our asset owner clients, their ultimate beneficiaries and wider society.

OBJECTIVES

1. Standardise

To work with asset managers on behalf of asset owners to standardise, streamline and where possible simplify the data collection process in relation to existing regulatory and / or best practice requirements.

2. Engage

To work with regulators on behalf of asset owners to influence future regulation with a view to focusing on required (practical) outcomes.

3. Raise the bar / best practice

To be bold in leveraging the agency we have as advisors to more than a trillion of assets in the UK to push the boundaries particularly with reference to achieving practical change in relation to sustainability issues.

To note:

This is a UK focused group, but where possible and practical we will link in with global initiatives or indeed influence direction globally.

To date, the ICSWG has defaulted to considering sustainability from the perspective of pension fund asset owners; we intend to broaden our scope where possible going forward.

Recognising that there are a wide range of issues, we commit to transparency over the issues we will prioritise by publishing our current action plan on the website. A specific aim of this is to provide potential stakeholders with the opportunity to engage fully ahead of time.

We don't intend to reinvent the wheel; where other groups or initiatives exist, we will work alongside and / or defer as appropriate.



GOVERNANCE

The ICSWG is governed by a Steering Committee with one representative from each member firm. It meets regularly and is responsible for all ICSWG output. There are two Co-chairs, who each serve a two-year term; appointments are staggered so a new Co-chair is elected annually.

Each of our three objectives has an Owner who is accountable to the SteerCo for determining the priorities of work under that objective and for liaising with the other Owners when projects inevitably run across objectives. There will also be a deputy for each objective.

Each objective has a “bank” of resource from each member firm; this provides each Owner with a sounding board / discussion forum for determining priorities.

Once priorities are determined, each piece of work has a project plan that sets out the intended outcomes, a broad scope of work and a resourcing plan. Member firms are then asked to commit resource from the bank and are accountable to the Co-Chairs for honouring that time commitment (noting that one of the requirements of membership of the ICSWG is a commitment to the Steering Committee and the work we carry out).

The Communication Team is responsible for working with each Owner for delivery / publication of output and for ensuring that the profile of the ICSWG is raised across asset owners, asset managers and regulators.

At each SteerCo meeting there will be a standing item to address future developments for the purpose of longer-term planning.

THEMES

In determining priorities under each objective, we have an eye to the following themes:

- Climate and TCFD
- Biodiversity (as an extension of Climate)
- ISSB, SDR – essentially the progression of sustainability reporting
- Stewardship

CURRENT WORKPLAN

Grouped by the three objectives plus future developments

1. Standardise

New projects

- TBD

BAU / update / complete

- ERG
- ESG metrics (including LDI climate metrics)



2. Engage

New projects

- 2023 consultation on TCFD
- Biodiversity and TNFD
- ISSB and SDR
- 2023 stewardship review
- Implications of different jurisdictions for exercising stewardship rights

BAU / update / complete

- Responsible investment for charities

3. Raise the bar / best practice

New projects

- Direction on the need for non-financial objectives and an updated interpretation of fiduciary duty

BAU / update / complete

- Climate competency
- Stewardship competency
- AM principles
- Research on incentives for stewardship

4. Scanning the horizon

- Regulation of investment consultants