



## Investment Consultants Sustainability Working Group (“the Group”)

### Steering Committee Meeting Minutes

**Meeting Date** Monday, 11 January 2021

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**Meeting Time** 14:00 GMT (2hrs) – Virtual

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**Committee Members**

- Amanda Latham (AL) – Policy and Strategy Lead, **Barnett Waddingham**
- Annachiara Marcandalli (AM) – Managing Director, **Cambridge Associates**
- Cai Rees (CR) – Director, **SEI**
- Chris King (CK) – Investment Consultant, **Buck**
- Deb Clarke (DC) – Global Head of Investment Research, **Mercer**
- Joanne Job (JJ) – Managing Director, Head of Research, **MJ Hudson**
- John Belgrove (JB) – Senior Partner, Director of Forward Thinking, **Aon**
- Ian Gamon (IG) – Partner, **LCP** (*standing in for Claire Jones*)
- Kathryn Saklatvala (KS) – Head of Investment Content, **bfinance**
- Keith Guthrie (KG) – Deputy Chief Investment Officer, **Cardano**
- Luba Nikulina (LN) – Global Head of Research, **WTW**
- Nick Samuels (NS) – Head of Manager Research, **Redington**
- Patrick Race (PR) – Partner, **ISIO**
- Punil Chaubal (PC) – Associate Director, **River and Mercentile**
- Reena Thakkar (RT) – Managing Partner, **Momentum**
- Sarita Gosrani (SG) – Head of ESG Research, **XPS Pension Group**
- Simon Jones (SJ) – Head of Responsible Investment, **Hymans Robertson**

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**Apologies**

- Claire Jones (CJ) – Head of Responsible Investment, **LCP**

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**Workstream Leaders**

- Asset Managers – Alessia Lenders (AL) – **Redington**
- Asset Owners – Edwin Whitehead (EW) – **Redington**
- Communications – Tim Manual (TM) – **AON**
- Impact Investing – Andrew Lilley (AnL), **ISIO**
- Regulations – Luba Nikulina, **WTW**
- Stewardship – Amanda Latham, **Barnett-Waddington**



**The meeting agenda was as follows:**

1. Actions from the previous SteerCo meeting
2. Discussion of the ICSWG communication strategy
3. Update from the Workstreams
4. Discussion and approval of the engagement reporting template (document attached with the invite)
5. Discussion and approval of the climate competencies for consultants framework
6. Discussion and approval of the collective letter to platform providers on voting data
7. AOB
  - Approval of the short description of what ICSWG does
  - ICSWG's role in encouraging alignment with Net Zero
  - Coalition for International Platform on Climate Finance
  - Engagement with third parties, such as the Say on Climate campaign by the Children's Investment Foundation (document attached to invite)
  - UK RI roundtable diversity charter for Asset Owners

The meeting was chaired by Luba Nikulina (LN) from WTW who welcomed everyone to the meeting and thanked them for their time and contribution. LN also reminded everyone about the requirements of the Competition Law.

**Agenda item 1: Actions from the previous SteerCo meeting**

The meeting commenced with feedback on action items from the previous meeting.

- Approval of the Terms of Reference for the ICSWG  
LN confirmed the agreed changes had been incorporated and that the definition will be reviewed in a year's time.
- ICSWG Workstream Action Template  
The ICSWG Workstream Action Template was discussed. Following on from discussion at the previous steering committee meeting around the likelihood of overlaps between workstreams, it was agreed that the template would help identify and manage any overlapping of objectives. DC provided feedback whereby a series of meetings have been held with each of the workstream leaders with a focus on assessing where there are overlaps in terms of objectives. During this process, it was noted that the Reporting Workstream had a few overlaps with Asset Owners and other workstreams and was consequently viewed as appropriate to be disbanded and for value additive activities to be picked up by other workstreams. Following these meetings, a revised actions template was drawn up and distributed as part of the meeting pack. The template will be maintained by each workstream leader in real time and presented to the SteerCo at every quarterly meeting to reassess the priorities.

**Action:**

- ***Workstream leaders to provide regular updates of the Action Template***



## Agenda item 2: Discussion of the ICSWG communication strategy

LN provided attendees feedback on the thinking behind developing the communication strategy. AL mentioned that she had found someone suitable who can assist the Group to develop an external website. Tim Manuel (TM), as part of the Communication workstream, discussed key aspects of the proposal, including:

- Preference for a small group to focus communication
- Clarity on how we communicate progress
- Principles with a preference for transparency
- Frequency of communication
- The process to be followed – where a workstream is producing output, they must know the communication process requirements, including social media, speaking opportunities, and possible stakeholder forums
- To be inclusive of all stakeholder partners, including providing them with opportunities.

SJ suggested including volunteers who are both experts in communication as well as being investment consultants. LN made the point that it is important for the respective workstream to *own* the content. The role of the communication work stream will be to help co-ordinate and assist with communication.

### **Action:**

- ***All to come back to TM with volunteers for the Communications workstream, preferably with marketing experience***
- ***TM to lead the Communications workstream and develop the ICSWG communications strategy to be presented to the SteerCo***

## Agenda item 3: Updates from the workstreams

The various workstreams provided updates on their progress to date.

### **1. Asset Managers workstream** (update provided by Alessia Lenders (AL))

Noted the five priorities referred to in the action template, noting these remain work in progress with no formal updates to be provided at the meeting. LN noted the value of a more standardised approach to asking questions and collecting information and hence this needs to be prioritized. Annachiara Marcandalli (AM) commented how some asset owners' requirements were getting much more advanced than the standard. JB suggested adopting a "minimum standard" objective as opposed to aiming for "completism".

### **Actions:**

- ***AL to update the Action Template with the Asset Manager workstream's priorities before the end of January***
- ***Incorporate timelines in the action template***



## 2. Asset Owners (update provided by Edwin Whitehead (EW))

EW from Redington has assumed the lead of this workstream and was welcomed by LN. EW provided feedback from this workstream, providing a work-in-progress update and noting the inclusion of some of the proposed actions from the Reporting workstream. The planned focus and priority of the workstream will be smaller asset owners; the belief is this is where we can make the biggest impact. DC noted that we must be careful not to alienate larger clients. EW discussed how the team is looking to speak to asset owners, acknowledging that they are not a homogenous group. Consequently, the workstream will devise a plan as to who will focus on what. Expectation is for a 1<sup>st</sup> draft by the end of February. SJ noted the benefits of using definitions already in use by the industry. LN commented how this is the largest work stream and therefore there is scope for sub-groups working together within this workstream.

### **Actions:**

- ***EW to update the Action Template with the Asset Owner workstream's priorities before the end of January***
- ***Incorporate timelines in the action template***

## 3. Impact investing (update provided by Andrew Lilley (AnL))

Discussions have taken place with the Impact Investing Institute (III) and the workstream plans to propose that the ICSWG expresses its commitment to the Statement of Principles produced by the III. AL discussed the narrow remit to look only at impact investing products; reporting on impact "additionality"; reporting frameworks; reliability.

### **Actions:**

- ***AnL to get in touch with the III to better understand what the public commitment to their principles means in practice and report back to the SteerCo***
- ***AnL to update the Action Template with the Impact Investing workstream's priorities before the end of January***
- ***Incorporate timelines in the action template***

## 4. Regulation Workstream (update provided by Luba Nikulina (LN))

LN referred to the action template. There were no comments on the priorities as laid out.

## 5. Stewardship (update provided by Amanda Latham (AL))

Including agenda item 5: Discussion and approval of the engagement reporting template (document attached with the invite)

AL referred the attendees to the draft Engagement Reporting Template as well as to the ICSWG action template. She noted how the objective and key actions are designed to improve engagement with stakeholders. It includes both firm-level and strategy-level questions. The team has engaged with



stakeholders, including asset managers, asset owners, regulators and independent bodies. The focus is one of not seeking perfection but rather seeking to do something soon. The workstream is planning a full walk through with the FRC. The focus will be on both “firm level” and “strategy level” sections. However, no need for asset managers to complete every box. The emphasis should be on the quality of the engagement as opposed to the quantity. AL commented on the UK Pensions Minister’s reference to 2021 being the Year of Stewardship. The workstream is requesting significant feedback, whether any questions are deemed not suitable, and seeking approval from the Group. The intention is to also produce a press statement. SJ asked what the feedback from asset managers has been like. AL commented that selected managers were likely to co-operate. There were two neutral responses from amongst the big firms. AL noted the team is planning to meet with ShareAction. CR asked about the process in providing feedback to individual managers. AL responded that providing feedback was appropriate and managers would expect it. LN commented that getting information in a standardized way is one of the ICSWG’s collective objectives, but interpreting information is left with each member firm. AL invited feedback by Friday 22<sup>nd</sup> January, following which AL will draft a press release. LN commented that this is exciting as will be the first major deliverable of the Group.

**Actions:**

- **All to provide feedback to AL on the engagement reporting template and confirm their agreement to use this template by Wednesday 20<sup>th</sup> January**
- **AL to draft a press release once all feedback is received and processed**
- **AL to provide feedback post meeting with ShareAction**

**Agenda item 5: Discussion and approval of the climate competencies for consultant’s framework**

IG referred attendees to the “Guide for assessing climate competency of Investment Consultants”, included in the agenda pack. IG noted the input received from others, which had helped shape what the workstream has done. IG provided feedback on the five themes and the positive indicators and best practice indicators. SJ commented that we should be aiming for something aspirational and the preference not to water down the wording. LN acknowledged and apologized for the time pressures being placed on the member firms, but noted the importance of supporting this initiative alongside the PCRIG recommendations that are due to be published in the last week of January, which will become the second key deliverable of the Group.

**Action:**

- **IG to circulate the latest version of the “Guide for assessing climate competency of Investment Consultants” for approval by the Steering Group**
- **All to provide feedback to IG and confirm their agreement to use this template**

**Agenda item 6: Discussion and approval of the collective letter to platform providers on voting data (included on page 33 of the agenda pack)**

AL took attendees through the document which is asking platform providers to provide the required information. AL seeking approval from the Group prior to distributing. DC and LN both confirmed they were happy with the draft letter. In terms of the way forward, AL will draw up a list of recipients. There was a question around signage and who is the most appropriate contact person. It was decided that someone from



the relevant workstream should sign and act as a contact person. LN asked if everyone was happy with the letter, with the response being yes.

**Actions:**

- ***AL to draw up list of suitable recipients and distribute to the Group***
- ***AL to decide on an appropriate contact person from the ICSWG and send out the letter to platform providers***

**Agenda item 7: AOB**

- **Approval of the short description of what ICSWG does (page 35)**

LN referred the Group to the short description (refer page 35) and requested any comments from the member firms in the next couple of days; otherwise the descriptions will be considered to be approved for wider use. JB suggested that the ICSWG should have a suitable deck in place to use to explain what the ICSWG does. LN responded that the Communication workstream is well placed to ensure that this deck is regularly updated and available to all member firms.

**Actions:**

- ***TM to ensure that the marketing deck is developed, regularly updated and made available to all member firms***
- **ICSWG's role in encouraging alignment with Net Zero**

IG discussed the opportunity to meet with APL and asked the question whether we should be publicly advocating and encouraging our clients to seek alignment with Net Zero. The Group felt that the Regulations workstream should come up with concrete proposal to the SteerCo. AM suggested we focus on where we can make a difference, for example derivatives that do not have carbon in them.

**Actions:**

- ***IG to arrange for the ICSWG to meet with the representatives from the APL***
- ***Regulations workstream to revert back to the ICSWG SteerCo with a proposal on preferred way forward***
- **Coalition for International Panel on Climate Finance**

JB sought the approval for the ICSWG to engage with the ICPF (International Panel on Climate Finance) that is spearheaded by Steve Waygood at Aviva and carrying ambitions of the highest level political engagement, closely linked to informing and influencing COP 26 agenda. JB would like to have a slot at the next meeting to invite Steve to come and speak about the ICPF. The Group agreed that this engagement was a good idea.

**Action:**

- ***JB to liaise with Marie Chapman to set up a meeting***



- **Engagement with third parties, such as the Say on Climate campaign by the Children's Investment Foundation (document attached to invite)**

LN updated the attendees on her engagement with the Children's Investment Foundation and their request for the ICSWG to publicly support the Say on Climate campaign. There was also a document sent to the members that outlined the Investor forum's plans regarding the Say on Climate campaign. LN mentioned that the Say on Climate campaign is a useful undertaking but it will be closely linked with what the ICSWG decides to do with respect to Net Zero so this decision could be left with the Regulations workstream to ponder as part of the whole.

**Action:**

- ***LN to provide feedback to the Children's Investment Foundation***
- ***Regulations workstream to pick up the best way for the ICSWG to approach the Say on Climate campaign***

- **UK RI roundtable diversity charter for Asset Owners**

SJ explained to the Group about the plans around the UK RI roundtable diversity charter for asset owners and suggested that it would be useful for the Group to hear from the organisers. The Group was in agreement that it was a good idea.

**Action:**

- ***SJ to liaise with Marie Chapman to organise an information session for the ICSWG members with the organisers of the UK RI roundtable diversity charter***

*The meeting was concluded. The next Steering Committee meeting will be organised in three months.*