



Investment Consultants Sustainability Working Group (“the Group”)

Steering Committee Meeting Minutes

Meeting Date Tuesday, 12 October 2021

Meeting Time 10:00 – 11:30 (1.5hrs) – Virtual

Committee Members

- Alex Quant (AQ) – Investment Consultant, **XPS Group** (*replacing Sarita Gosrani*)
- 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**
- Christos Bakas (CB) – Associate Director, **Punter Southall Aspire**
- Claire Jones (CJ) – Head of Responsible Investment, **LCP**
- Joanne Holden (JH) – Global Head of Investments Research, **Mercer** (*co-Chair*)
- Joanne Job (JJ) – Managing Director, Head of Research, **MJ Hudson**
- John Belgrove (JB) – Senior Partner, Director of Forward Thinking, **Aon**
- Kathryn Saklatvala (KS) – Head of Investment Content, **bfinance**
- Luba Nikulina (LN) – Global Head of Research, **WTW** (*co-Chair*)
- Mhairi Gooch (MG) – Director, Solutions, **River & Mercantile**
- Nick Samuels (NS) – Head of Manager Research, **Redington**
- Patrick Race (PR) – Partner, **ISIO**
- Reena Thakkar (RT) – Managing Partner, **Momentum**
- Simon Jones (SJ) – Head of Responsible Investment, **Hymans Robertson**

Apologies

- John Belgrove (JB) – Senior Partner, Director of Forward Thinking, **Aon**
- Keith Guthrie (KG) – Deputy Chief Investment Officer, **Cardano**
- Paul Lee (PL) – Head of Stewardship and Sustainability Investment Strategy, **Redington**

Workstream Leaders

- Asset Managers – Alessia Lenders (AL), **Redington**
- Asset Owners – Edwin Whitehead (EW), **Redington**
- Communication and Engagement – Tim Manuel (TM), **Aon**
- Impact Investing – Andrew Lilley (AnL), **ISIO**
- Regulations – Luba Nikulina (LN), **WTW**
- Stewardship – Amanda Latham (AmL), **Barnett-Waddington**



The meeting agenda was as follows:

1. Welcome and reminder of competition law
2. Review of the previous actions
3. Discussion of the Net Zero Investment Consultants Initiative (NZICI)
4. Discussion of the Asset Managers Assessment Principles
5. Discussion of the ESG Metrics Standardisation proposal
6. Stewardship engagement activity reporting guide
7. Updates from the ICSWG workstreams
8. AOB

Agenda item 1: Welcome and reminder on competition law

The meeting was opened by LN who welcomed everyone to the meeting, including our new member Christos Bakas of Punter Southall Aspire and thanked them for their time and contribution. LN also reminded everyone about the requirements of the Competition Law.

CJ had raised a query in terms of competition law and specifically in relation to the Asset Manager Workstream Principles that would be tabled later in the meeting. It was agreed that this should be considered further:

Action:

- ***JH: to discuss with Mercer legal team and come back with views on whether any amendments should be made to ensure the Principles could not be viewed as in breach of competition law***
- ***Workstream leads: to remind their members of the competition law statement when working on their various projects***
- ***JH/LN: to consider whether competition law training would be useful for SteerCo and Workstream members***

JH then took over the chair.

Agenda item 2: Actions from the previous SteerCo meeting

All actions items were covered elsewhere on the agenda.

AM gave an update on the initiatives that are being covered by the US ICSWG and agreed to follow up in writing

Action:

- ***AM: to send the SteerCo members a written summary of the US ICSWG's work to date***



Agenda item 3: Net Zero Investment Consultants Initiative (NZICI)

LN updated the SteerCo on the launch and pointed to the document also in the pack. The Race to Zero approval for NZICI has been conditional and signatories are now working on resolving the outstanding issues that are mostly centred around the reporting template. The kick-off meeting for all the signatories is scheduled for next week. The group is going to discuss how to accept new members among other things. LN will keep the UK ICSWG regularly informed about the progress of NZICI.

Agenda item 4: Discussion of the Asset Manager Assessment Principles

AIL presented to the SteerCo the document prepared by the Asset Managers workstream. The purpose of the document is to harmonise our expectations for when we assess managers on sustainability. This is not about removing any firm's competitive edge; it's about helping asset managers to better address sustainability and levelling the playing field. All member firms will still have their own ideas as to what "good" looks like and will be able to address this through their own processes.

The SteerCo members commended the Asset Manager workstream members for preparing such high-quality document.

AM suggested that the document should be clear that the large, well-resourced managers would be expected to do more than the smaller, less well-resourced firms; this was not about rewarding size and resource.

Additional discussion was had in relation to the communication of the principles; particular in terms of marrying the concepts here with the more prescriptive elements of the ESG metrics work (next agenda item) and the engagement activity reporting guide. The Communications workstream will pick this up with all 3 of the affected workstreams with a view to making sure that we are taking a clear message to external stakeholders.

JH asked all the SteerCo members to provide feedback on the document to AIL, also with commentary, following a suggestion from LN, as to how they will use the principles. AIL will follow up with SteerCo members in terms of deadlines once the comms process has been agreed.

Action:

- **All: to socialise the Principles within your firms and provide feedback to AIL**
- **AIL: to communicate timescales for feedback and to incorporate AM's suggestion about expectations of different sized asset manager firms**
- **Communications Workstream: to discuss with CT, AIL and AL a comms plan and timescale for all three areas of work**



Agenda item 5: ESG Metrics Standardisation proposal

CT presented an update on the proposal. Various rounds of feedback had been undertaken and the document was felt ready to be finalised and published (now subject to the work needed by the Communications Workstream noted above). The SteerCo noted that a lot of hard work had gone into the document.

It was noted that given the relevance for our clients in terms of TCFD particularly, we should work to publish the metrics list as soon as possible, subject to discussions with the Communications Workstream.

It was also decided that going forward, for the purposes of annual updates, the Metrics would sit under the Asset Manager Workstream.

Action:

- **Communications workstream: as per Agenda Item 4**
- **ALL: to note that this will fall under Asset Manager Workstream from 2022**

Agenda item 6: Stewardship engagement activity reporting guide

AL gave an update on the guide, including an overview of the extensive feedback process that has taken place with external stakeholders, including various regulators. A press release had already been drafted but the earlier comments about a joint comms strategy were noted.

EW asked whether the guide would prohibit asset owners with specific requests from obtaining additional information from managers. AL confirmed that this had been taken into account; particularly given that feedback had suggested that the PLSA template was often used as a reason by managers for refusing more bespoke requests.

Action:

- **Communications workstream: as per Agenda Item 4**
- **SteerCo: to note AL request for comments on whether member firms are likely or unlikely to use the template.**

Agenda item 7: Updates from the workstreams

LN mentioned that the Regulations workstream had been focusing on the net zero commitment and was now moving forward on engagement with the PRI in terms of governance. The Regulations workstream also prepared the response about fiduciary duty to the Law Commission's consultation. LN noted that the workstream was open to suggestions as to what they should cover next.



EW gave an update on the Asset Owners Workstream. The Asset Owner Guide has been separated into 3 documents (detail in the update provided in the meeting pack) and will be uploaded to the ICSWG website shortly. EW also reported on the first RIAG meeting that members of the ICSWG attended and asked for feedback from SteerCo on possible areas of work for the Workstream going forward

TM provided the Communication Workstream Update and commented that the group feels as though they have been more reactive than proactive to date in providing support to the various Workstreams. The intention is to be more strategic, particularly with a view to piecing various projects together. Issues around GDPR were raised as a continuing issue and a request was made for the larger firms to see whether they could provide an expert on GDPR to have a call with the team to see whether they could identify a suitable way forward.

Action:

- ***SteerCo members: to consider future areas of work for the Regulations and Asset Owners workstreams***
- ***SteerCo members: to consider whether their firms could help with GDPR resource***

Agenda item 6: AOB

ICSWG Terms of Reference. This was due for annual review and it was felt that the document was still fit for purpose. CJ suggested that we might like to update the definition of investment consultant following recent discussions around newly admitted member firms. JH suggested that at some point we should challenge ourselves as to whether the commitments as stated in the ToR are being met, but as a first step the Workstreams should look at these with respect to the work they're carrying out.

Action:

- ***LN: to circulate the revised definition of investment consultant***
- ***Workstream leads: to consider the extent to which the commitments are reflected in their work to date and include commentary in their next SteerCo update***

TVPSI – AL flagged the TVPSI's recommendations for the ICSWG included in recommendations 22 and 23 that encourage investment consultants to highlight the importance of shareholder voting to their clients but also hold asset managers to account for robust voting practices.

Action:

- ***SteerCo: to circulate recommendations internally and encourage implementation in their firms***



JH agreed to pick up with each Workstream lead to see whether their groups were resourced sufficiently and to coordinate requests for more support.

Action:

- ***JH: to co-ordinate review of workstream resource***
- ***MC: to send SteerCo the current list of workstream members***

The issues of GDPR / the ICSWG website and the RIAG update were covered under the Workstream updates.

The meeting was concluded. The next Steering Committee meeting is scheduled in three months.