

Embargoed

Not for publication before 00.01 am Monday 22 January, 2018

Investment consulting market commits to help pension funds meet TPR guidance to consider environmental, social and governance issues

The Association of Member Nominated Trustees (AMNT) and the UK Sustainable Investment and Finance Association (UKSIF) have been engaging with investment consultants in phases over the last three months to secure backing for The Pensions Regulator's investment guidance in respect of environmental, social and governance factors.

Following the announcement of the initiative in September, sixteen firms in total have now confirmed they will seek to ensure that pension schemes take into account environmental, social and governance (ESG) factors where they are financially material. This commitment is a significant step forward for the growth of long-term, sustainable, investment strategies.

The sixteen firms which have publicly backed the TPR guidance and undertaken to flag it to clients are, in alphabetical order:

Allenbridge
Aon Hewitt
Barnett Waddingham
bfinance
Cambridge Associates
Capita Employee Benefits

Cardano
Hymans Robertson
JLT Employee Benefits
Lane Clark & Peacock LLP
Mercer
P-Solve Investments

Xafinity Punter Southall
Quantum Advisory
Redington
Willis Towers Watson

All sixteen investment consultancies made the following statement:

“(Name of company) is happy to join with the Association of Member Nominated Trustees and the UK Sustainable Investment and Finance Association in recognising that the recent investment guidance from The Pensions Regulator marks a major development in TPR's approach to how trust based DC and DB pension schemes need to address risks around long-term sustainability, including environmental, social and governance issues.



“We agree that this change, reflected in the TPR’s statement to trustees that ‘We expect you to assess the financial materiality of these factors and to allow for them accordingly in the development and implementation of your investment strategy’ puts trustees and their advisers under an obligation to react.

“We believe that ESG is a fundamental part of success in long-term investing, therefore we are drawing the guidance to the attention of UK pension fund clients through a variety of routes such as putting consideration of ESG on trustee meeting agendas, issuing briefings and/or holding training sessions. We also recognise the significant role that client-facing consultants can play in ensuring that our clients are well informed on the issues.”

Janice Turner, Co-chair of AMNT, said:

“More and more we are finding that asset owners want to take responsibility for their investments, and that members are increasingly scrutinising the activity of their pension funds. The support of the consultants is key in enabling members to have a voice in their investments, and so today’s announcement is a positive step forward. “

Simon Howard, Chief Executive of UKSIF, said:

“With more investment consultants flagging the Pensions Regulator’s guidance to clients, ESG issues will be higher up on the investment agenda than ever before. We look forward to working closely with the sixteen firms to help ensure that pension schemes protect the assets of their beneficiaries from clearly recognisable threats such as climate change.”

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