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**Topic:** Sustainability

**Participants:**

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**Summary of talking points**

**Data, transparency and disclosure**

- Transparency and accuracy of sustainability reporting is increasingly important. There was an appeal for more standardised and meaningful ESG disclosures that allow investors to make informed decisions based on consistent data. This will also help to reduce the administrative burden associated with multiple forms of requests on non-financial reporting.
- The Investment Consultants Sustainability Working Group (ICSWG) is working on guidance for engagement activities with the aim of creating an industry standard. Their website is due to be launched soon.

**Impact investing**

- It is important to clearly define impact investing (investments that have a measurable positive real-world impact with intentionality). Impact investing requires a mindset change, which has been very challenging with existing investment teams.
- The Institute continues to progress its work on 3D mandates, providing high-level beliefs and principles around the third dimension (impact) alongside risk and return.
- Incorporating impact in unconstrained investing remains challenging. It may require a move towards more impact orientated and more explicit ESG primary investment in areas such as zero carbon energy, negative emission technology and other areas that contribute to positive real-world impact.

**Stewardship**

- Stewardship has been an area that is under-developed and weak in its reporting. There has been increased attention and support from regulators to improve the current model in

stewardship, such as the UK Stewardship Code 2020. We will see more innovation in this area in short term.

- Large asset owners are moving towards strengthened voting, engagement and system stewardship as powerful tools to create real world impact instead of relying primarily on exclusions.
- Collaboration is important. Using third party engagement platforms could be efficient and cost saving for smaller investors to achieve the desired level of influence.

### Problems and future innovations

- There has been a tendency towards engaging with large European based companies due to greater data availability. Engagement activities should be determined based on materiality not just data availability.
- Crowdfunding could potentially be applied to sustainability initiatives, so smaller companies receive more support.
- Asset owners and asset managers are at different stages of the sustainable investment journey. The end goal is a sustainable economic system which can only be achieved if all agents work collaboratively.

### About the Thinking Ahead Institute

The [Thinking Ahead Institute](#) is a global not-for-profit member organisation whose aim is to influence change in the investment world for the benefit of savers. The Institute's members comprise asset owners, investment managers and other groups that are motivated to influence the industry for the good of savers worldwide. It has over 40 members with combined responsibility for over US\$13 trillion and is an outgrowth of Willis Towers Watson Investments' Thinking Ahead Group.