



ESG INVESTMENT WORKING PARTY Terms of Reference

Background and purpose

Environmental, social and corporate governance (ESG) issues are increasingly acknowledged as important investment considerations. ESG encompasses a wide range of topics including climate change and water scarcity; working conditions and human rights; board diversity and executive remuneration. Reporting to the Resource and Environment (R&E) Board and the Finance and Investment (F&I) Board, the ESG Investment Working Party will work to co-ordinate and expand the IFoA's ESG-related investment activities and advance actuarial capacity in this field.

The working party will cover ESG considerations in relation to assets in a broad sense¹, including their financial impact and their incorporation in investment processes. Given the breadth of the topic, it will be necessary to prioritise activities. The emphasis given to the three components of ESG may not be equal and may vary over time.

The working party will not cover ESG considerations in relation to liabilities. However, as most actuaries work with liability-driven investors, it acknowledges that the effects of ESG on the profile of liabilities and the liability-matching characteristics of assets is relevant to its work. It also recognises the relevance of a long-term perspective and investor stewardship when incorporating ESG in investment processes, but will only consider these to the extent that they relate to ESG. It will work with other groups within the IFoA who are studying these related aspects as appropriate.

Key responsibilities

1. Assess the current state of ESG Investment knowledge and expertise among actuaries and identify what additional CPD activities would be desirable (if any).
2. Facilitate CPD opportunities (e.g. events, online learning, reading material) to address any ESG Investment knowledge gaps identified.
3. Identify and support opportunities for actuaries to inform the debate on ESG Investment topics.
4. Establish a pool of volunteers that can assist with ESG-related tasks, e.g. preparing consultation responses and policy briefings.
5. Identify opportunities for actuarial involvement in external ESG initiatives and match these with volunteers.
6. Identify possible research topics relating to inclusion of ESG in investment processes, in light of member needs, the IFoA's public policy priorities and research being carried out elsewhere.
7. Initiate IFoA working parties to address ESG Investment research needs that have an actuarial slant and so are better suited to IFoA research than external collaboration.
8. Maintain a dialogue with the R&E and F&I Boards to ensure the working party's activities are aligned with the Boards' broader objectives.
9. Liaise with others as appropriate, both within and outside the IFoA, on areas of mutual interest to increase effectiveness and avoid duplication of effort.

¹ Including but not limited to concepts such as responsible investment, socially responsible investment, sustainable investment, impact investment and ethical investment (however defined).

Meetings

The working party will normally meet once a quarter for two hours. Members can attend by conference call if they wish.

Membership as at 1 February 2017

Chair: Claire Jones (R&E Board link)

Deputy Chair: To be agreed

Other members: Ben Caldecott
Sophie Coleman
Eugene Dimitriou
Chris Gower
Jenny Holt (F&I Board link)
Scott Lothian
Marcus Mollan
Anthony Plotnek
Anil Shenoy
Natalie Smith
Nick Sparks
Sandy Trust
Dawn Turner

Executive Support: R&E Practice Coordinator, R&E Practice Manager, F&I Practice Manager

Review

These terms of reference will be reviewed at least once a year, with the next review due in February 2018. The membership will also be reviewed from time to time to ensure a wide range of expertise and perspectives.