



Institute
and Faculty
of Actuaries

The Sustainable Development Goals in the UK follow-up inquiry

IFoA response to the Environmental Audit
Committee

About the Institute and Faculty of Actuaries

The Institute and Faculty of Actuaries (IFoA) is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide, and oversee their education at all stages of qualification and development throughout their careers.

We strive to act in the public interest by speaking out on issues where actuaries have the expertise to provide analysis and insight on public policy issues. To fulfil the requirements of our Charter, the IFoA maintains a Public Affairs function, which represents the views of the profession to Government, policymakers, regulators and other stakeholders, in order to shape public policy.

Actuarial science is founded on mathematical and statistical techniques used in insurance, pension fund management and investment. Actuaries provide commercial, financial and prudential advice on the management of assets and liabilities, particularly over the long term, and this long term view is reflected in our approach to analysing policy developments. A rigorous examination system, programme of continuous professional development and a professional code of conduct supports high standards and reflects the significant role of the profession in society.



Ms Mary Creagh MP
Environmental Audit Committee
House of Commons
London
SW1A 0AA

4 September 2018

Dear Ms Creagh

The Sustainable Development Goals in the UK follow-up inquiry

1. The Institute and Faculty of Actuaries (IFoA) welcomes this inquiry. We recognise the importance of the Sustainable Development Goals (SDGs) and the transformative effect that achieving them will have on the lives of all, both in the UK and globally. The IFoA is currently exploring the role actuaries have to play in achieving the SDGs.
2. We note the inquiry will examine what the Government has done to meet commitments under the SDGs, using its work on Goal 2 – No Hunger as an example. We consider there to be strong interlinkages across the SDGs and view their integrated nature to be of crucial importance in ensuring they are realised. For example, failure to act on climate change will significantly increase the difficulty of achieving many other SDGs¹. Specifically with regard to Goal 2 in the UK, the high levels of imported food emphasise the criticality of the ongoing stability of the global agricultural system.
3. As such, our response takes a broader view of the steps Government has taken to meet the SDGs and focuses on those relevant to the financial services industry. Our response also recommends the Government give greater consideration to the role the financial services industry has to play in the realisation of the SDGs.

What steps has the government taken to achieve the SDGs

4. There have recently been a number of Government initiatives within the financial services industry which have the potential to encourage progress against the SDGs. The IFoA has been open in its support of these. These include:
 - a. The Government's endorsement of the voluntary recommendations made by the Taskforce for Climate-related Financial Disclosure. The IFoA also welcomed the recommendations and is a listed supporting organisation of the TCFD. The IFoA has also hosted a webinar and breakfast briefing with Russell Picot, special advisor to the TCFD. Both events discussed the work of the TCFD and how actuaries can play an essential role in creating systemic change.
 - b. Asking the follow-up Taskforce to progress the recommendations from the 'Growing a Culture of Social Impact Investing in the UK' report, and asking departments to consider what measures government could take to unlock and boost social impact investing.

¹ [World Economic Forum, Global Risks Interconnections Map 2018](#)

- c. Establishing the Green Finance Taskforce to accelerate growth of green finance and the UK's low carbon economy and subsequently announcing plans to co-fund a new Green Finance Institute to champion sustainable finance in the UK and abroad.
 - d. Proposals to clarify regulation to ensure environmental, social and governance (ESG) factors, including explicit reference to climate risks, are considered in pension investments.
5. While supportive of these steps, we consider the Government must do more to harness both the capital and the expertise with the financial services industry. The industry has a vital role to play in meeting the SDGs. Indeed, without sufficient private sector capital being committed to the SDGs, it is highly unlikely that SDG objectives can be achieved. The ongoing financing of high-carbon energy sources is one example of this conflict in practice. As such, we believe more consideration should be given to the question of how to align financial services objectives with broader societal objectives, including the SDGs.
6. Globally, and across the investment chain, significant developments are taking place. Regulators, asset owners, investment managers, corporates and consumers are all starting to take action, particularly around Goal 13 – climate action. However, unless regulation mandates consideration of longer-term risks (as referenced in 4 d above) and opportunities, there remains a risk that decisions in finance services are focused on short-term financial outcomes.

Thank you again for the opportunity to respond the inquiry. We would be very happy to discuss any aspects of our response further. Please contact Faye Alessandrello, Policy Manager (faye.alessandrello@actuaries.org.uk, 020 7632 1459) in the first instance.

Yours sincerely,



Marjorie Ngwenya
Immediate Past President, Institute and Faculty of Actuaries