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## Quarterly newsletter – Q3 2021

The [Paris Alignment Forum](https://www.pensionsforpurpose.com) is now fully up and running and the last quarter has been extraordinary. We have seen huge interest from pension funds, climate specialists, regulators and investment managers. The forum was established to help pension funds by bringing together a wide range of stakeholders and we are delighted that membership has more than doubled since our last update with over 230 industry representatives now signed up, nearly half of whom are pension funds or their advisers.

The next few months are critical for pension funds. The UK's largest funds will have to put in place their Climate Governance by 1 October this year and then report against it; COP26 in November will focus on the role of finance in climate change and, next year, more pension funds will put in place their Climate Governance and Reporting. This is an extraordinary challenge for pension funds as stewards of their members' assets which requires new expertise and new ways of thinking – for example, acting collectively as asset owners to influence the way that capital is deployed and to encourage greater disclosure of climate risks.

The Paris Alignment Forum helps by providing training and by encouraging knowledge sharing. Over the last three months we have run our quarterly cycle of forum-wide events, small group training and asset owner discussions. See below for summaries of these events and links to the write-ups.

Looking forward, we expect climate change to be even higher profile in the second half of this year. We anticipate that more pension funds will announce "net zero" policies, climate scenarios will be embedded into asset-owners' strategy and we will get more clarity on what it means to publish climate metrics. Our programme of events will help you navigate through the headlines, separating the signal from the noise

## Paris Alignment Awards

We are inviting Pension Funds and their advisers to make submissions for the Pensions for Purpose Awards. This is an opportunity to recognize asset owners and advisors that have demonstrated leadership in this area. The entry process is simple – just submit a pre-existing document under one of the awards headings:



### Best climate change member communication

This could be a stand-alone document or an excerpt from a document such as a member newsletter, or a link to a website or video.



### Best climate governance and strategy statement

This could be a policy document; voluntary TCFD disclosures, an extract from the SIP or any document which describes the pension fund's approach to climate change.

For full details of the submission process and criteria please follow [this link](#).

## This is your Forum – tell us what you want

We would like your feedback on what you would like from the forum. We invite you email [mike.rogers@pensionforpurpose](mailto:mike.rogers@pensionforpurpose) or [karen.shackleton@pensionsforpurpose](mailto:karen.shackleton@pensionsforpurpose). We are particularly interested to hear about the way we cover COP26, future training events, provision of on-demand training materials; and your preferences for on-line vs in-person events.

## Programme of events for Q3



**Asset owner only event: Monday 6 September, 2.30pm-4.00pm**

### How to approach Climate Reporting and Target Setting

This is a Chatham House peer-to-peer discussion for pension funds and asset owners. We will begin with a ten minute 'fireside chat' with Joana Marfoh of London Borough of Islington pension fund. Joana will explain how they are reporting on climate action and their approach to setting targets. This will be followed by shared experiences from those present. This session is for asset owners only. To find out more and to register, please click [here](#).



**Online afternoon tea: Tuesday 14 September, 2.30pm-3.30pm**

### Impact investing to achieve net zero carbon

Online afternoon teas are roundtable events for industry participants to share experiences. This session will focus on impact opportunities for reducing carbon emissions in private debt, public fixed income, private equity and real estate. The event will include an introductory presentation by Tikehau Capital followed by a Q&A and discussion. This event is only open to asset owners and their advisers and has a maximum capacity so please sign up early. To find out more and to register, please click [here](#).



**Online interactive training: Thursday 16 September, 11.00am -12.30pm**

### Is there a "silver bullet" to achieving a Paris Aligned Investment Strategy?

Training events are 90-minute interactive sessions delivered by experts in their field. The aim of this session is to understand alternative investment solutions, within a real assets' portfolio, that support the ambitions of the Paris Agreement. The agenda will cover pathways to net zero, categories of change and case studies of assets supporting the transition to a low carbon economy. The training will be delivered by Gresham House's Heather Fleming, Rebecca Craddock-Taylor and Peter Bachmann, and CPD verification will be provided. This session is for asset owners and their advisers. To find out more and to register, click [here](#).



**All-stakeholder event: Monday 27 September, 2.30pm-4.00pm**

### Lowering the temperature path of your portfolio

Our quarterly online events are for all members of the forum and are a unique opportunity for asset owners, advisers, investment managers, climate experts and regulators to meet and make progress on managing the challenge of climate change. For this event we will look at current portfolio temperature paths and discuss the pros and cons of temperature paths as a tool for managing portfolios. For more information and to register, click [here](#).



## Online morning coffee: Wednesday 29 September, 10.30am-11.30am

### Decarbonising with impact

Online morning coffees are roundtable events for industry participants to share experiences. In this session we will discuss more impactful ways that we can make a difference to our climate through listed equity portfolios and in

fixed income portfolios. Panelists for this one-hour interactive roundtable will include Nachu Chockalingam, Senior Credit Portfolio Manager, and Caroline Cantor, Equity Investment Director from Federated Hermes. This event is only open to UK asset owners and their advisers and has a maximum capacity of 15 delegates. To find out more and to register, please click [here](#).

## Paris Alignment Forum sponsors

The Paris Alignment Forum is sponsored by Redington and Invesco. Below, they share some insights as part of our quarterly update.

- Invesco address the new Sustainability Disclosure Requirements and Sustainable Investment label proposed by HM Treasury; and
- Redington outline the road to TCFD, summarising the urgent action needed by many pension funds

### The Chancellor of the Exchequer's Roadmap for Financial services

#### *Invesco*

The demand for responsible investment solutions has taken place against a backdrop of increasing policy development in the area of climate change and sustainability, such as the EU's Green Deal and the global move towards Net Zero, as well as heightened public attention to environmental and social issues post-COVID. Invesco is constantly assessing the regulatory changes that are due to be implemented over the coming years to ensure our clients are prepared for the transition to net zero. One of the latest development's was HM Treasury's new [Roadmap](#) setting out the Chancellor's vision for the future of the UK financial services industry. The document and accompanying Mansion House speech in which he reaffirmed his ambition for the UK to be "the best place in the world for green finance" contained some important new announcements principally:

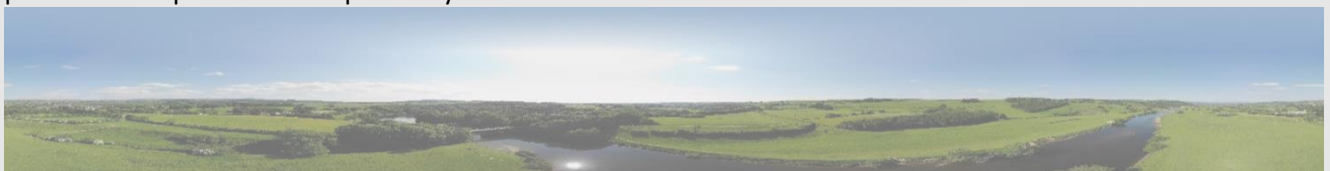
➤ **New Sustainability Disclosure Requirements (SDRs)** – plans to require companies, pension schemes, financial services firms and their investment products to report on the impact they have on the

climate and environment – as well as the sustainability-related risks and opportunities facing their business. The SDRs are intended to streamline existing climate reporting requirements and enable consumers and investors to drive positive environmental impact. The plans have been announced in outline only at this stage, with more detail to come ahead of COP26.

➤ **A new sustainable investment label.** HMT will work with the FCA to create a new sustainable investment label – a quality stamp – with the aim of allowing retail consumers to compare the impacts and sustainability of different investment products.

Only outlines of these plans have been announced at this stage however Invesco will engage with HMT officials as they develop their thinking on both matters, particularly in relation to how the new Sustainability Disclosure Requirements will interact with existing proposals for TCFD-aligned disclosures.

To keep up to speed with our latest thinking, and further ESG Insight's please visit [Invesco ESG](#).





## The Road to TCFD-Alignment Redington

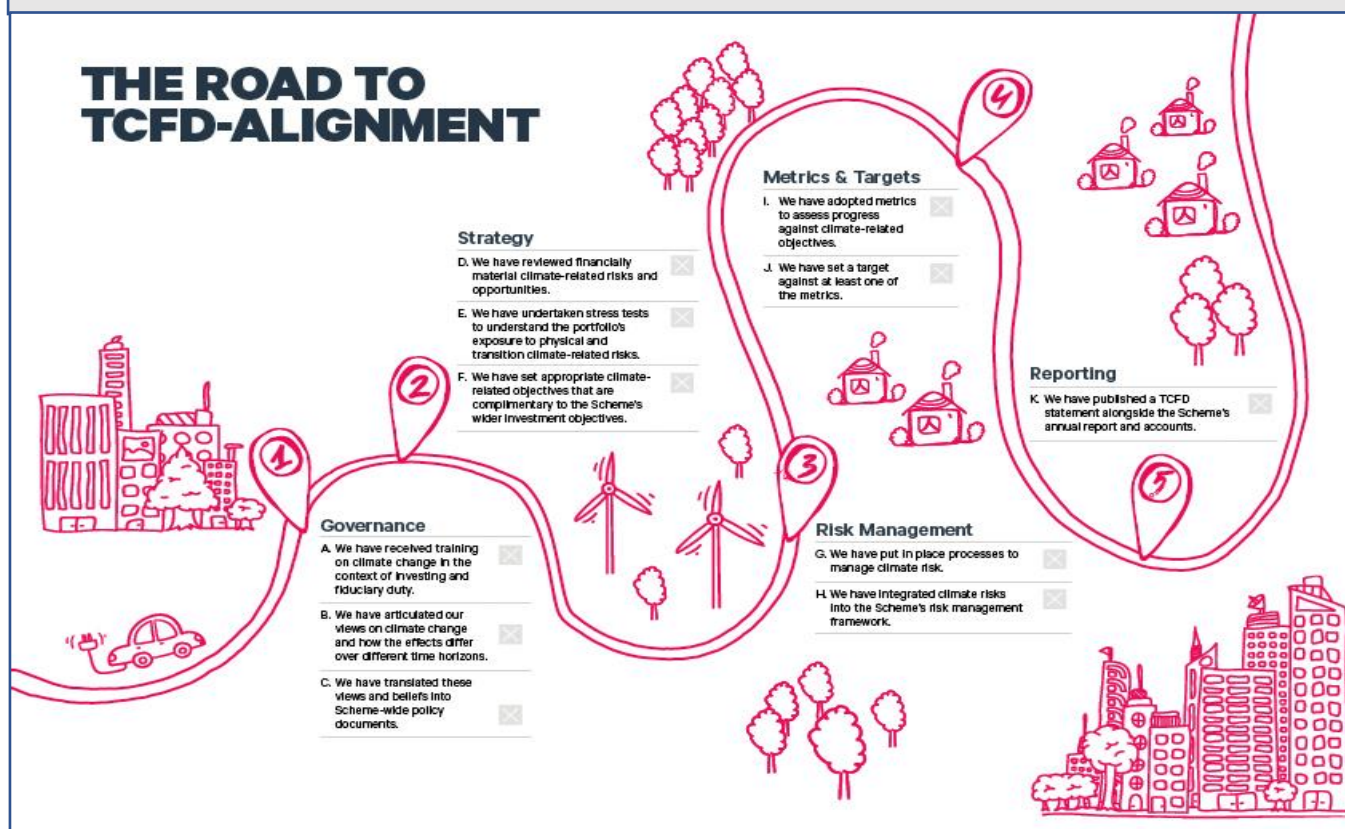
With ESG regulations aplenty, things can get a little overwhelming. So, at Redington, we're helping clients clarify what is needed from their schemes and when.

The latest in these regulations requires pension schemes to consider, and disclose, their climate-related financial risks and opportunities in line with the recommendations set out by the Task Force on Climate-Related Financial Disclosures ('TCFD'). The objective of which is to ensure that climate change – which poses both a financially material risk as well as an opportunity for pension schemes and their members – is governed effectively. By embedding climate change into the decision-making process in the same way as other risks, such as interest rates, are, we hope to build more resilient pension schemes.

The deadline for when your scheme must be compliant varies according to its type and size:

- Schemes with relevant assets greater than £5bn, authorised master trusts and collective DC schemes must meet the climate change governance requirements by 1 October 2021, publishing a TCFD report within seven months of the scheme year-end which is underway on 1 October 2021.
- Schemes with relevant assets between £1bn-£5bn must meet the climate change governance requirements by 1 October 2022, publishing a TCFD report within seven months of the scheme year-end which is underway on 1 October 2022.
- LGPS funds, whilst not confirmed, are expected to have to meet the climate change governance requirements in either 2022 or 2023.

To help you get to grips with this new legislation, we've outlined the road to TCFD-alignment – along with a checklist (see below) – to help your scheme stay on track. You can read our full TCFD guidance [here](#).



## Review of Q2 2021 events

A summary of our recent past events with links for more information, papers and videos of the events.

### Inaugural All-stakeholder event: Daisy Streatfield – IIGCC

Daisy presented the IIGCC's net zero framework and we then headed to breakout rooms for a discussion about the framework. Click below for:

- [Details of the event](#)
- [Write-up of the event](#)

### Asset owner only event: David Brown – Smart Pensions

We were delighted to welcome David, Trustee of Smart Pensions to outline the progress made towards a net zero commitment. Click below for:

- [Details of the event and David's slides](#)
- [Write-up of the event](#)

### Training events: Climate change basics and finance

Professor Mark Shackleton of Lancaster University gave two entry level training courses on climate change basics for business and finance covering emissions and investment. Click below for:

- [Details of the event](#)
- [Write-up of the latest event](#)

### Online afternoon tea: Five steps to net zero

Richard Butcher, Chair of the PLSA, and Karen Shackleton discussed how pension funds can implement a climate action strategy, some of the challenges and barriers, and ways in which these might be overcome. Click below for:

- [Details of the event](#)
- [Write-up of the event](#)

### Quarterly all-stakeholder event: Stephen Barrie – The Transition Pathway Initiative

Stephen Barrie of the Church of England Pension Fund discussed the Transition Pathway Initiative and how the Church of England have embedded this into their investment strategy, followed by breakout room discussions on the initiative. Click below for:

- [Details of the event including a video of Stephen's presentation](#)
- [Write-up of the event](#)

## Please get in touch

If you have ideas for future events or you would like to become a supporter or sponsor for the forum, please get in touch with [mike.rogers@pensionforpurpose.com](mailto:mike.rogers@pensionforpurpose.com).

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This newsletter is an update on Paris Alignment Forum activities which is published quarterly. If you would like to unsubscribe from the newsletter, or wish to leave the forum, please contact [mike.rogers@pensionsforpurpose.com](mailto:mike.rogers@pensionsforpurpose.com).

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## Pensions for Purpose

Pensions for Purpose exists as a bridge between asset managers, pension funds and their professional advisers, to encourage the flow of capital towards impact investment. Our aim is to empower pension funds to seek positive impact opportunities and mitigate negative impact risks.

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