# Embedding ESG considerations into investment decisions, reporting and engagement across the investment chain - Maturity map activity

**Purpose**

The ESG Maturity Map will help you as a pension trustee assess what your scheme is currently doing around ESG integration and what steps you can take to progress. It is designed to be transferable for different jurisdictions.

The left-hand column lists the key action areas categorized under three groups: allocating funds to deliver sustainable outcomes; engaging along the investment chain; and reporting.

‘What good looks like’ is then set out across four levels of maturity: Level 1 – Understanding; Level 2 – Adopting; Level 3 – Deepening; and Level 4 – Leading. There is also a Level 0 – Compliance only table to summarize the key requirements that trustees already or will soon need to comply with (for UK jurisdiction).

Used as a workshopping tool, the maturity map aims to:

* Enable participants to assess collectively what their scheme is currently doing and where they are positioned on the maturity map.
* Help inspire action on next steps to mature the scheme’s ESG integration approach.

**Suggested participants**

In addition to the Board of Trustees, this could also include the scheme’s CEO and CIO, the scheme’s investment consultants and asset managers. If there are more than eight participants, we advise break out groups of 4-6 participants. It may be appropriate to bring in a facilitator.

**Format**

1. Every participant reads though the maturity map individually, and places a cross on each of the rows at the level of maturity they feel the scheme is positioned.
2. Discuss as a group where everyone has positioned the scheme on the map:
   * Go through row by row and discuss where there are differences in opinion, asking participants to provide examples to back up their decision – this enables participants to drill down into how clearly the examples provided align to the statement on the map and highlight where the gaps are.
   * Achieve consensus on the level of maturity for each row.
3. Identify as a group the areas to develop the most across the maturity map (ie those positioned in Level 1 and Level 2), noting down:
   * What steps can be taken – both near- and long-term?
   * Challenges to overcome and possible solutions
   * How to capture these discussed actions and next steps
4. Discuss those areas which are positioned in Level 3, noting down:
   * What steps can be taken to move towards a more leading position (Level 4) ie how the scheme can use its position and experience to encourage and influence the adoption of ESG considerations into policy and practices across the broader investment community.
   * Challenges to overcome and possible solutions
   * How to capture these discussed actions and next steps
5. Identify any gaps in the maturity map that are important to your scheme.
6. Complete commitments table at **Appendix 4**, outlining SMART targets agreed by the Board.
7. Agree a process to monitor progress (against this maturity map) on a regular basis and incorporate external advisers into the process as and when appropriate.

**Equipment (if running face to face):** A3/A2 copies of the ESG Maturity Map, set of different colour stickers (or post-it notes), flip chart with pens, print outs of Appendix 2 – workshop outputs table.

**Room set up**: large room to enable huddles of 4-6 participants, or use break-out rooms.

**Duration:** 1 hour approx.

**Maximizing interactivity within a virtual setting:** Depending on the technology you are using, there are several ways to increase engagement in online settings to ensure you get the most out of the Maturity Map workshop.

* Encourage participants to have videos on.
* Encourage use of chat and Q&A – this is a useful way for people to contribute without interrupting what is being said and is also helpful to refer back to.
* Encourage use of [raise hand](https://support.zoom.us/hc/en-us/articles/115001286183) function – this enables people to signal that they wish to contribute without interrupting the flow of discussion.
* Use [breakout rooms](https://support.zoom.us/hc/en-us/articles/206476093-Enabling-breakout-rooms) – smaller groups enable more people to have their voice heard and are useful for more in depth discussions. You can add people to specific break out rooms before a call or randomly assign people during the call.
* Use [whiteboard](https://support.zoom.us/hc/en-us/articles/205677665-Sharing-a-whiteboard) function – this is a tool by which people can add text to the screen which can be useful in displaying thoughts and ideas.
* Set up [poll questions](https://support.zoom.us/hc/en-us/articles/213756303-Polling-for-meetings) – by asking participants to answer poll questions you give them an active role, and it can also be a useful way of gathering information on your participants.

**Appendix 1 – ESG Maturity Map**This can be downloaded [here](https://www.accountingforsustainability.org/en/activities/projects/pensions-toolkit/pensions-maturity-map.html)

**Appendix 2 – workshop outputs table**Use the below table to record the level of maturity that workshop participants agree the scheme is at, noting down challenges and agreed next steps. Use this to help inform internal colleagues and other stakeholders not present on the results of this maturity map assessment.

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| --- | --- | --- | --- | --- | --- | --- |
| **Action area** | **Level 1 – Understanding** | **Level 2 – Adopting** | **Level 3 – Deepening** | **Level 4 – Leading** | **Challenges** | **Next steps** |
| **Allocating funds to sustainable outcomes** | | | | | | |
| Sustainable default funds |  |  |  |  |  |  |
| Proportion of scheme assets invested to drive ESG outcomes |  |  |  |  |  |  |
| Integrating ESG into investment decision-making (frameworks and governance) |  |  |  |  |  |  |
| **Engagement along the investment chain** | | | | | | |
| Engaging with beneficiaries |  |  |  |  |  |  |
| Engaging with sponsors |  |  |  |  |  |  |
| Engaging with consultants |  |  |  |  |  |  |
| Engaging with asset managers |  |  |  |  |  |  |
| Stewardship |  |  |  |  |  |  |
| **Reporting** | | | | | | |
| TCFD reporting |  |  |  |  |  |  |

**Appendix 3 – resource links to date (within the A4S ESG Toolkit for Pension Chairs and Trustees)**

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| **Action area** | **A4S - Case study examples** | **A4S - Guidance material** | **External resources** |
| Sustainable default funds | * [NEST](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/nest-net-zero-investment-strategy.html) |  | * IIGCC + PAII - Net Zero Investment Framework 1.5°C Implementation Guide |
| Proportion of scheme assets invested to drive ESG outcomes / opportunity funds | * [Environment Agency Pension Fund](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/environment-agency-pension-fund-dedicating-assets-to-sustainable-outcomes.html) |  | * Impact Investing Institute and Pensions for Purpose - [Impact Investing Principles for Pensions](https://www.impactinvest.org.uk/wp-content/uploads/2020/11/Impact-Investing-Principles-for-Pensions.pdf) |
| Integrating ESG into investment decision-making (frameworks and governance) | * [Scottish Widows Master Trust](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/swmt-setting-net-zero-investment-strategy.html) | * [Embedding ESG into different asset classes](https://www.accountingforsustainability.org/en/activities/projects/pensions-toolkit/pensions-guidance.html) * [Aligning To A Net Zero Pathway – Top Tips for Pension Scheme Trustees](https://www.accountingforsustainability.org/en/activities/net-zero-activities/top-tips-pension-scheme-trustees.html) | * [CFA Asset Owner Summit SDG-ESG Infrastructure Investment Framework](https://www.cfany.org/asset-owner-series/infrastructure-investment-framework/) * [Partnership for Carbon Accounting Financials](https://carbonaccountingfinancials.com/standard) * [The Transition Pathway Initiative tool](https://www.transitionpathwayinitiative.org/) |
| Engaging with beneficiaries | * [Tesco Pension Fund](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/tesco-aligning-member-expectation.html) | * [Top Tips for Sponsors of Pension Schemes](https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/Sustainable%20investing%20in%20pensions%20-%20Top%20Tips%20for%20Sponsors%20of%20Pension%20Schemes.pdf.downloadasset.pdf) | * Cambridge Institute for Sustainability leadership - [Walking the talk: Understanding consumer demand for sustainable investing](https://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/walking-the-talk-form) * [Make My Money Matter’s Green Pensions Guide](https://makemymoneymatter.co.uk/wp-content/uploads/2021/10/Green-Pensions-Guide.pdf) |
| Engaging with sponsors |  | * [Top Tips for Sponsors of Pension Schemes](https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/Sustainable%20investing%20in%20pensions%20-%20Top%20Tips%20for%20Sponsors%20of%20Pension%20Schemes.pdf.downloadasset.pdf) |  |
| Engaging with consultants | * [Atos UK 2019 Pension Scheme](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/atos-pension-setting-net-zero-investment-strategy.html) | * [Aligning To A Net Zero Pathway – Top Tips for Pension Scheme Trustees](https://www.accountingforsustainability.org/en/activities/net-zero-activities/top-tips-pension-scheme-trustees.html) | * Investment Consultants Sustainability Working Group - [Guide for assessing climate competency of Investment Consultants](https://www.aon.com/getmedia/d45704df-efc8-4530-9037-c4d0120f6503/ICSWG-Consultant-Climate-Competence-Framework-(January-2021).aspx) |
| Engaging with asset managers | * [BT Pension Scheme](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/bt-pension-scheme-engaging-asset-managers.html) | * [Aligning To A Net Zero Pathway – Top Tips for Pension Scheme Trustees](https://www.accountingforsustainability.org/en/activities/net-zero-activities/top-tips-pension-scheme-trustees.html) | * PLSA – [Engaging the Engagers – A practical toolkit for schemes to achieve effective stewardship through their managers](https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/Engaging-the-Engagers-stewardship-toolkit.pdf) * PRI – [Investment Manager Monitoring Guide](https://www.unpri.org/download?ac=11971) |
| Stewardship | * [The Church of England Pensions Board](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/church-of-england-pension-board-approach-to-stewardship.html) * [Alecta](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/alecta-pension-stewardship.html) |  | * FRC – [The UK Stewardship Code 2020 - Review of early reporting](https://www.frc.org.uk/getattachment/975354b4-6056-43e7-aa1f-c76693e1c686/The-UK-Stewardship-Cod-Review-of-Early-Reporting.pdf) * PLSA – [Stewardship Guide and Voting Guidelines 2020](https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/PLSA-Stewardship-Guide-and-Voting-Guidelines-180220.pdf) * UNPRI – [A Practical Guide to Active Ownership in Listed Equity](https://www.unpri.org/download?ac=4151) |
| TCFD reporting | * [BBC Pension Scheme](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/bbc-pension-trust-scenario-analysis.html) * [HSBC Bank (UK) Pension Scheme](https://www.accountingforsustainability.org/en/knowledge-hub/case-studies/hsbc-pension-scheme-tcfd-metrics.html) * [West Midlands Pension Fund](https://www.accountingforsustainability.org/en/knowledge-hub.html?tab1=case-studies) | * [Top Tips for Finance Teams on implementing the TCFD recommendations](https://www.accountingforsustainability.org/en/knowledge-hub/guides/tcfd-top-tips.html) | * DWP - [Aligning your pension scheme with the Taskforce on Climate-Related Financial Disclosures recommendations](https://www.gov.uk/government/publications/aligning-your-pension-scheme-with-the-taskforce-on-climate-related-financial-disclosures-recommendations); and [Governance and reporting of climate change risk: guidance for trustees of occupational schemes.](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1006024/statutory-guidance-final-revised.pdf) * The Pension Regulator’s [guidance on governance and reporting of climate-related risks and opportunities](https://pwcf.sharepoint.com/sites/A4S/Shared%20Documents/Capital%20markets/1.%20Pensions%20workstream/Pensions%20Toolkit/Maturity%20Map/thepensionsregulator) |

**Appendix 4 – commitments table**

A key output of the maturity map workshop will be to establish specific commitments that reflect your own specific priorities, strengths and resources, as a pension scheme. We recommend that your commitments are ambitious, clearly defined and measurable, so you will be able to track progress on a regular / annual basis.

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| **Commitment** | **Milestones** | **What will success look like?** |
| *What do you want to achieve this year?*  *What priority area (left hand column of maturity map) does it relate to?* | *How can we measure progress?* | *Provide details of what successful achievement of this commitment would look like? Eg moving from Level X on maturity map to Level X.* |
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