
Statement starts below

Pensions for Purpose statement on IAS 37

Charlotte O’Leary, CEO for Pensions for Purpose said:

"Pensions for Purpose has long supported the impact investment case – that positive, intentional and additional impact in investing leads to better long-term outcomes for people and planet, alongside profit. After all, there is no greater impact goal than net zero. What has been at odds is the system that has externalised that impact by not recognising those assets and obligations. This has made it harder for asset owners to hold companies to account, to engage and reward the companies that set themselves higher goals.

Rethinking Capital's work on and the consultation process with the IFRS’s International Accounting Standards Board (IASB) on net zero commitments demonstrates the profitability of net zero through the proper use of accounting standards. This momentous step opens the door to environmental and social impact goals being more tangibly recognised, and also highlights how impact is not just achieved through investments but also by systems thinking.

We believe this is the way to pragmatically and prudently tackle companies not meeting their commitments, while rewarding those reaching for best practice. Transparent accounting will highlight the leaders and laggards, putting asset owners in a more empowered position to set policies, engage with and push for better asset manager and investee company behaviour.

We will continue to see significant systemic changes as a result of environmental and social impact integration, which is why we have focused on governance and worked with the Impact Investing Institute on the Impact Investing Principles for Pensions. They are a good governance framework for pension funds to integrate impact into their policies, hiring and review of advisers and managers, stewardship and measurement. We see a good governance approach to impact as essential given the constant evolution in regulatory, market and industry development."

For more on IAS 37, please read our blog, "[The role of accounting in achieving net zero goals](#)" and article by [Andrew Watson](#), Co-Founder of Rethinking Capital and [T. Robert Zochowski](#), President and CEO of International Foundation for Valuing Impacts (IFVI).
