

## TRANSCRIPT

### PENSIONS FOR PURPOSE PODCAST – SERIES 1, EPISODE 4

#### FROM FOOTBALL TO IMPACT INVESTMENT – WITH CHARLOTTE MOORE AND RICHARD GILES

**Charlotte Moore:** Hello, welcome to the latest edition of the Pensions for Purpose Podcast. I'm Charlotte Moore and I'm your host. Joining me today is Richard Giles, Community Lead for Pensions for Purpose. We're going to talk about how his involvement in a local football club led him to working for the organisation. So tell me, Richard, how did an actuary become involved in a football club? Was Ryan Reynolds' purchase of Wrexham your inspiration?

**Richard Giles:** Morning, Charlotte. It's good to be with you this morning. No, actually, we got involved with football before Ryan Reynolds did so I can't claim any connection with that story! But so if I begin, it's a fairly regular story in that I played football, my kids played football and so I was involved with the local football club.

But if I step back from that, I've worked in pensions for 30 years. I was an actuary at Mercer and a partner at PwC and then I ran the Teachers' Pension Scheme for a while. But in my spare time I was doing what many dads do and coaching kids' football but I could see, because I played for the team and then I was coaching, I could see things could be done better. And I approached some of the people involved and said, "I think there's one or two things that could be done better." And I remember this conversation vividly because it was, it kind of sticks with me, but it was "Well, if you think it can be done better why don't you get involved?" Which is a fair challenge! And I said, "OK, I'll do that for a year." And then, 16 years later, I was still involved with the club, so it kind of went from one thing to another.

But the key, the key thing that connects with the pension story, is we decided we wanted to build an all-weather pitch. We suffered badly with cancellations during the winter, so there may be two or three months where the kids would hardly play football because of the weather. So we decided to build an all-weather pitch and that really connected some of the financial skills I had with the football. So I raised three quarters of a million pounds in the community with some crowdfunding and grants and what have you to then build this all-weather pitch, and created a business case and a financial model for how we're going to run the pitch with bookings and what have you. And that was transformational.

So from, that happened in 2017, we built a pitch, the number of people playing football in the town that I live in has doubled, the girls' section is nearly as big as the boys' section. The most competitive team at the senior level, the women's team, are now playing in the FA Cup and the men's team are playing in the football pyramid at quite a decent standard. And also we've got people who stopped playing football. So older people, I call them the super veterans. It's really, the really old people, they've started playing football again. We've got an over-fifties team. This is not walking football. This is old people running about with it. But it's great to see all parts of the community come together with a shared interest and passion in playing football.

**Charlotte Moore:** So how did that, and that sounds like a fantastic community project. But what did that really teach you about impact investing and climate? Because it's perhaps not the most obvious connection.

**Richard Giles:** Yeah, no, that's absolutely true. So I think when I kind of step back, and it's only with the benefit of hindsight that I can see it in this way, but the, I think the investment that we made in building the pitch was an impact investment. The social benefits of the football club is the pay back on that three quarters of a million pounds that we raised.

And we spent quite a lot of time thinking about what our purpose as a football club was. And it wasn't, it's kind of not obvious why you're doing it. And we, so we thought long and hard, and we have some great people involved in the club, and we landed on community well-being as our purpose. So we saw, what we're all about was positively impacting community well-being. And that's both at an individual level, so through the physical and mental benefits of playing sports, could be any sport, it doesn't need to be football. But people in the community were better off because of that physical and mental impact.

But also at a community level. We have 820 players and most of them have parents or carers involved, getting involved down at the football club, meeting once or twice a week. So that community well-being was significant as well, when we step back and think about it. I just put that in context, we're a town of 14,000 people. 800 people playing, maybe 3,000 people in total connected with the football club, including parents. So it's nearly a quarter of the town are connected with the football club, coming together. So that community well-being.

And I, I kind of, we had an interesting exercise. The FA did a pilot on placing a monetary value on that social impact and we were one of the pilot clubs where they came in and they asked some questions about, you know, what we do, the number of people who are involved. And they placed a value of two million pounds on the social impact through the health benefits, the fact people are involved together and the impacts on the local economy. So two million pounds a year from the foot, what the football club activities are. So the way I see that is, we raised three quarters of a million pounds. We put a lot of hours as well into it. So that's part of the equation. So a lot of volunteer hours. But we've produced something that's contributing two million pounds a year into the town that, that I live in. So I see that as an impact. On a very micro basis, an impact investment.

The second part of your question was about climate?

**Charlotte Moore:** Yes, I hear that you had fun, you had fun and games with flood predictions. Is that correct?

**Richard Giles:** Yes, yes. So this brings climate change kind of front and centre. So we, it's in a flood plain. So a lot of sports grounds are kind of next to rivers, and it's next to a river. It's part of a multi-sports club. But we had flood assessments, as you would do when you build a pitch, and that was in 2015, and the flood assessment was "There's a one in fifty risk," prospect of flooding. And we, in my lifetime, I've not seen it flood there.

So that, I suppose, gave us reassurance. But it wasn't long after we built the pitch, which was in 2017, I think it flooded in March 2018, for the first, for the first time. And that's a pretty horrible experience, you know personally and for people who are involved in the club. Because, firstly, you don't know if it's going to recover. So that investment that you've made, you don't know if that's, you know, going to be able to recover from that. But then we could, but the clean-up exercise afterwards, where you get the silt from the bottom of the river coated the pitch, and we had to, I remember about 50 volunteers brushing the pitch for two or three days to get that out of the pitch.

And then it's happened again three or four times since then. So it's now, it, I suppose it's moved from being every time it rains you get anxious to, "OK, well, how are we going to adapt? How are we going to manage this? Because it's going to keep happening. So how are we going to manage it?" And we've got some flood defences. We've got a silt fence around the pitch, so the worst of the mud is off the pitch. But I think, you know, it brought home to me climate change is happening now. It's clear that the, I think we've had five floods in 10 years and nothing in 50 years before that, so something's changed. But we've had to learn to adapt to that, to that change. So that's the connection with football and climate, Charlotte.

**Charlotte Moore:** And so how does that experience change your values from, you know, all of it. From like getting involved in crowdfunding and seeing the benefits to the community to becoming somebody who stops to think about climate risk. I mean getting anxious every time it rains. It's going to, you must have had a very anxious winter this year is all I can say! How's that changed your values?

**Richard Giles:** It didn't flood this winter, so that, even despite the amount of rain that we've had, incredibly, it didn't flood. So, but yeah, I think it didn't, it hasn't so much changed my values, but really helped me to understand what my values are. The ones that come, came to the fore through my involvement with the club, teamwork and building connections, building bridges with other people. Which was a necessary part in building the pitch.

But not only that, lots of things that we've done including, unusually, we work with local, other local teams, so not just our own team. We have an academy where the kids who are doing well from four clubs come together. But it's quite unusual to work across rival clubs, effectively. So that building bridges across different organisations, that's a core value of mine, is kind of team, teamwork.

Something else is leaving things in a better place than you find them. And I often, when we've been working with different managers, it's, every season, "Can you be a little bit better?" Don't have to, you know, be the best in the league but can you be a little bit better? And when you stop being the manager, can you look back and say team is in a better shape, stronger position, than when you started, and that's a value that I hold quite closely as well.

And the other one, which goes all the way back to me getting involved, is lean into the problems that you can see. So, so if you, you know, rather than standing on the touchline and complaining about something, then get involved and say, "OK, well, I can help fix it".

So those three things - teamwork, leaving things in a better place than you find and leaning into problems - are things that, are values that I realised are important to me, and I take into everything I do these days.

**Charlotte Moore:** So, and so did that, did realising the kind of importance of those values and what you actually wanted to do with your time, and how you want to use your skills, did that then shape how you wanted to develop your career?

**Richard Giles:** Yeah, I became more purposeful, I suppose, more thoughtful about what I was doing. I guess I, like many people, started a career without giving too much thought to why, you know, "Why am I doing that?" And I came across a Japanese philosophy called Ikigai. I don't know if you're familiar with it? But it's basically, there's four dimensions to, and it helps you to identify what your purpose is. And those dimensions are what do you love doing? You know, what do you really enjoy doing? What are you good at? What do you see as an important problem to solve? And what can you get paid for doing? And if you can, if there's something at the intersection of those four things, then that's a sign that you're doing something that aligns with your purpose. So when I think about different opportunities to get involved in something, I use that little framework to think about, you know, is it aligned, and am I, that contribution of time and effort, is it achieving a purpose that I'm happy, happy to do.

**Charlotte Moore:** Hmm! That's interesting. I kind of realised that I, I do that. I have, my career has been very much shaped by those four things without me knowing about that philosophy. But that's, yeah, very similar to myself as well. So how did that, so we've talked about, you know, thinking about how you wanted to match those, use those values, not just that you developed from the football club to your career, how did that lead you to Pensions for Purpose?

**Richard Giles:** Yeah, I didn't know, I knew I wanted to get involved in something to do with the planet. So not, not just from the football connection, but I could kind of see climate change, the impact on the planet, and I wanted to work at the intersection of finance and climate change, or things that would benefit the planet. So that, that was my, when I decided to come away from a full-time career and start doing a portfolio career, that's what I wanted to do. And I didn't quite know exactly what that would look like but it wants to be in that intersection of planet and finance.

And I didn't know Pensions for Purpose but a friend of mine did, had done some work for them and mentioned them to me. Then I met Charlotte, the Chief Executive of Pensions for Purpose, at a conference. We got chatting and I liked the, Pensions for Purpose are very, very purposeful. It.

**Charlotte Moore:** [Laughs.]

**Richard Giles:** [Laughs.] So they're, you know, it's a clear mission-driven organisation, which is to accelerate investments in things that benefit people and planet, and that alignment with my personal purpose was good, and I liked the people. And so I got involved a little bit initially, with the Advisory Group they've got. And then an opportunity came up to do some more work with them. And yeah, I've loved being involved. It's a really fascinating area. And it ticks all the boxes that I kind of went through with the Ikigai process for me as well. So yeah, I'm, I've feeling, I mean it's a massive learning curve but I'm feeling like I'm doing things that are enabling me to have an impact in things that I care deeply about.

**Charlotte Moore:** And so tell us a bit more about your role as Community Lead. How do you, what do you do?

**Richard Giles:** Yeah. So the main thing really is to build a community of interest. So with asset managers, investment consultants, large pension schemes, independent trustees. Build a community of interest, who've got a shared desire to, you know, improve, accelerate investments in things that benefit people and planet. So that's a great initiative to, and it goes back to my building bridges and working with teams, so building a community of interest with like-minded people and a shared objective.

So we have 12 Community Partners. My job is to work with those Community Partners on an agenda for the next 12 months. We put together events, which are open to anybody who's interested, on the theme of people and planet and some amazing, we've had some amazing guests and some, you know, very thought-provoking discussions. And we're just trying to accelerate the knowledge, get people, you know, to learn from best practice so that we can share and spread that, and the whole industry, step by step, you know, increases its ability to cope with some of these big challenges we're facing.

**Charlotte Moore:** I mean did the, the thing is that you can have kind of an elite group, can't you, of the community within, say the asset management or the pension schemes, or whichever group we look at, you can have an elite group that already understands your purpose and is signed up on board. But, over time, you want to make sure that that group is always getting bigger and bigger and bigger, and recruiting more people in and recruiting more people in. And you're not just doing that because of regulation, and you are actually sort of infusing people with your message. Is, do you see that as an important part of your role? And do you think about that when you're designing events and the like?

**Richard Giles:** Yeah, that is absolutely right. I think it's about taking, you know, as with all things, there are leaders and laggards and lots of people in between. And it's, it's a little bit back to that making things a little bit better every year. So we can't, can't solve this overnight. But each year we can involve more people and when they're, you know, when more people are ready, when people are ready to take part, they can see other people getting involved, they're more likely to get involved themselves.

But it, you know, it won't be everybody overnight and I think you can see our membership is growing, I think when I joined it was 360 members, organisational members, it's now 420. And our events we get, we're getting different people coming along who are new to what we do but want to be part of that, that journey. And it's, I've been amazed at how many people are devoting their careers to sustainable investing. Thousands and thousands of people in our network which I had, I suppose until I got involved with Pensions for Purpose, I had no idea that it was, it was such a big community.

But there's more, the pensions world is enormous, there's so many, you know, so many groups and things that we can influence. And it's just, it's just making those small improvements over time. And when you look back over a few years you can see the impact that you've had.

**Charlotte Moore:** I always find it, I always find it, it's like this kind of secret that we have, us who work in the pensions industry, we understand just how big it is. We understand the size of the assets involved. That it's 4 trillion, thereabouts in the UK. And it's like nobody else seems to know this. You can tell people, you can put it out on social media, but that kind of like knowledge doesn't seem to percolate through on a kind of broad level. It's like this secret club, almost. And we're not trying to be secret. But people don't realise the amount of assets that's involved and the influence that can come with that and the ability to shape things. So let's talk about how pension schemes, what can they do, to kind of make a difference to the future and make the most impact, and truly have purpose?

**Richard Giles:** Yeah, you're absolutely right. The UK pension industry, well, I think the UK government has twigged that it's a big industry.

**Charlotte Moore:** [laughs]

**Richard Giles:** So now wants to, wants to kind of make friends with the pensions industry, and sees it as a solution to some of its challenges. But you're absolutely right that the size of the UK, I think it's the third biggest pensions sector in the world, after the US and Japan. And I think we underestimate the power that UK pensions have, when we work together.

**Charlotte Moore:** Hmm.

**Richard Giles:** So that's, that's always a good, a good reminder. I think the key thing for me is systems change. So we operate in systems. And they, they're symbiotic these systems. So pension schemes are dependent on the planet, planetary system, biodiversity, the health, healthcare system, are all underpinning our economy, which impact on the investments that pension schemes are holding. So these things are interconnected and it, it works the other way as well. The choices that pension schemes make have an impact on planet, biodiversity and healthcare systems. So these things need to be thought about as connected systems.

I think the value of pension schemes is considering the impact they're having on systemic, systemic risk effectively, not for, not for altruistic or philanthropic reasons, but because it impacts on the financial returns that underpin their delivering of the benefits to their members. Just for that. Just for that reason, when you take a long term, it's a long time horizon, these risks are very significant for the returns, the economies, and the financial returns that underpin UK pension schemes. So I think it's in the interest of people managing the schemes to consider these systemic risks.

The question then is, "What can you do about it?" So yeah, that understanding is the first place to start. But then what can you do? And I think there's three things that pension schemes can be thinking about.

The first is, how do they allocate capital? So be thoughtful about the impact of, not just the financial impact, but the impact on some of these systemic risks of where you invest.

The second is how you steward those investments. So, so how you're engaging with companies that you're investing with.

And the third is at a policy level with regulators and government. How can you influence policy to look after these systems that are so vital for the success of pensions and investments?

So those three things, allocating capital, stewardship and policy advocacy, I think when you put those together, pension schemes have a really important part to play in some of these systemic risks.

So the first ask would be that asset owners themselves get involved in these issues, so they don't delegate these through to managers or consultants. But the trustees of pension schemes are considering the impact on some of these systemic risks themselves.

And the second ask is to work together, because by working together that four trillion pounds can be really powerful.

But we need to come together collectively. So the signals that we're giving to companies that we're investing in and governments are really clear. And it's not, it has the risk of being fragmented and confusing, but by coming together we can be a really powerful force for good that, I'll come back to, benefits the members in our pension schemes, because the financial system that we're dependent on is at risk from some of these, some of these big issues that are out there.

So yeah, get involved and work together would be my two asks.

**Charlotte Moore:** And we have seen, you know how effective community engagement is at a global level with Climate Action 100+ that actually persuaded oil companies to adopt net zero. Now we've seen some politicisation of the issue begin to unwind that but I think there's kind of a weird thing going on in that, actually, these risks are becoming more and more accepted and more and more embedded. And we get a lot of heat and noise happening at the top and then other stuff happening below. It doesn't mean that it isn't an issue we need to think about and be concerned about. But it is interesting to me, even over the last year, how people have really adapted a sort of business-as-usual approach to sustainable investment.

**Richard Giles:** Yeah, it's, I mean, it's fascinating to observe, isn't it? The, I think it's a real, it's a real change moment. That's the way I feel about it. It's a real change moment, politically and economically. I think we're on a point of change, where the tension between the old way of doing things and what the future will look like. That, yeah, that just has lots of consequences, politically and economically.

And I think you can see that, you know, with Climate Action 100+ and some of the investors pulling away from that and other, other things forming. It's just that tension point as we go through a change. But it, you know, I think it's inevitable we will have to go through the change because the world, the external environment's going to require that we go through this change. It's how we do that, order that, in the best possible way and do it as quickly as we possibly can.

**Charlotte Moore:** Okay, well, I'm going to end the conversation there and just say thank you so much, Richard, for that really fascinating personal and very authentic discussion. I was, I am not a football fan, but I found that really interesting! Thank you for your time and tune into the next episode.