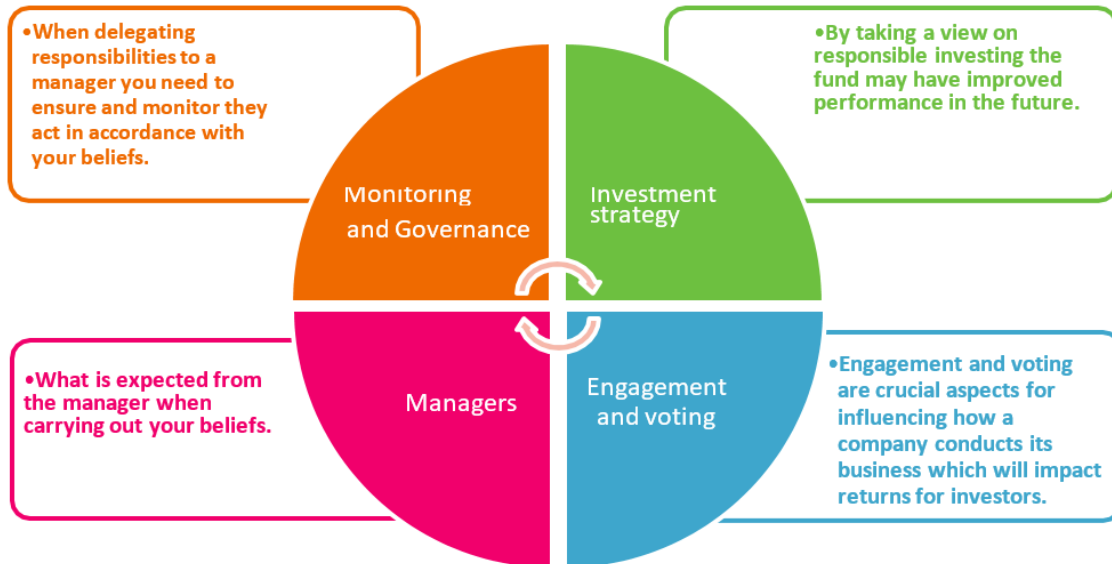


# Responsible Investment Belief

Chart 1: Headline beliefs



**Objective agreed:**

To deliver a better, more sustainable investment return over the long-term consistent with funding plans.

**Beliefs articulated**

The output of the meeting (to be ratified at the September Committee meeting) were the following set of beliefs.

**Investment strategy**

- 1 Having a responsible investment policy that is specific to the Fund should lead to better financial outcomes.
- 2 Having a responsible investment policy should lead to better outcomes for society.
- 3 Businesses with more sustainable practices and more effective management of ESG risks should outperform over the long term.
- 4 Allowing for the impact of ESG issues has many dimensions to it, including its interaction with the increasing development and use of technology and the impact of that on labour relations.
- 5 Financial risks should take precedence, so ESG investing needs to seek to have a positive impact on long-term returns
- 6 The Fund should consider avoiding exposure to securities where environmental or social aspects will be financially detrimental to the portfolio.

**Engagement and voting**

- 1 Engagement in a company is more effective than disinvesting from the company.
- 2 Engagement and voting are influential and can be effective in changing behaviour and improving the Fund's performance as well as having a positive impact on the environment/society.
- 3 Collaboration with other investors gives the Fund a stronger voice.

## **Managers**

- 1 The Fund's investment managers should embed the consideration of ESG factors into their investment process and decision making.
- 2 ESG is one of many factors that plays a part in the investment decisions making process.
- 3 ESG factors will evolve over time and the Fund's investment managers should seek to take a long-term view, allowing for direction of travel of investee companies and not only current scoring.
- 4 The choice of benchmark for a passive manager is important as it defines the investment portfolio.
- 5 The key influence an investor has on a passive manager is the choice of benchmark and level and type of engagement.
- 6 The Fund should be an active owner seeking to influence behaviour in investee companies.
- 7 The Fund should consider alternative indices that reflect ESG factors, but also be wary of conflicts of interest that exist for the providers of those indices.

## **Monitoring and Governance**

- 1 The Fund needs to engage and challenge managers on integrating ESG issues in their investment process in line with the Fund's RI beliefs.
- 2 The Committee should expect its investment managers to provide investment solutions in line with its RI beliefs.
- 3 Given their resource and expertise the Pool (BCPP) have a responsibility to provide leadership on ESG issues.
- 4 The Committee should consider all stakeholders' views when developing its RI policy.
- 5 ESG factors should be incorporated into manager's standard reporting as part of wider transparency principle.

## **Priority for RI consideration and engagement**

The Committee identified Company Stewardship, Climate and involvement in anti-social activities (e.g. weapons) as its priorities for RI consideration.

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