



## Summary: OSPS Responsible Investment and ESG Policy

### Background

The Oxford Staff Pension Scheme (OSPS) (the 'Scheme' or the 'fund' hereafter) provides retirement benefits to an important group of Oxford University and College employees along with some individuals employed by standalone employers. Given current government benefits, the Scheme may make an appreciable difference to participants' anticipated retirement welfare.

The Trustee has established a comprehensive Responsible Investment (RI) and ESG policy against which it measures its advisors and investment managers. In this respect, the Trustee acknowledges the evolving nature of University and College policies and practices as regards RI/ESG and will seek alignment with University and College policies where possible. The OSPS policy is entirely the responsibility of the Trustee.

The purpose of this document is to provide a concise summary of the core principles of the Trustee RI/ESG policy. It is hoped that, by providing such a summary, the Trustee will provide clarity as to its position which, in turn, will lead to further alignment with its providers as well as encouraging future engagement.

### Key objectives

The Trustee expects investment advisers and investment managers to take into account the following long-term issues and will communicate any actions taken with respect to these issues to OSPS through their relevant representatives. Where these issues are not currently being taken into account the Trustee expects their investment advisers and managers will make good on the OSPS policy or explain how and why their own policies in this regard.

- UK government legislation and regulations (*for example, on modern slavery, environmental quality, climate change and other relevant issues*).
- UK government commitment to international conventions and treaties (*for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues*).
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (*for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues*).
- Direct and indirect investment in companies and related financial instruments that violate international norms and/or UK moral principles (*for example, human trafficking, indenture, and exploitation and other similar issues*).

The Trustee relies upon its investment advisers and managers to provide information as requested on these policies and commitments and recognises that related actions may include engagement, voting proxies, ethical screening, positive and negative screening. The Trustee considers RI/ESG to be a key aspect of manager selection and requires its investment advisers and managers to disclose, on a regular basis, any related investment activities that could be seen to be a breach of the OSPS responsible investment policy.

## **ESG – environmental, social, and governance standards**

The Trustee understands ‘ESG’ to be measures and metrics of invested companies’ policies and performance taking into account environmental matters, social standards including employment practices, and governance policies and practices.

The Trustee notes that the UK Department for Work and Pensions (DWP) has defined ESG as a term which refers to “considerations (opportunities and risks) which affect returns on investing...whether positively or negatively. There are many other considerations which may materially affect investment returns, and ESG factors are not always themselves financially material.”

The Trustee notes that academic and industry research suggests that higher than average scores on ESG performance are normally associated with long-term value and effective risk management strategies. As such, it is possible to benchmark ESG performance over the long-term.

The Trustee expects its investment advisers and its investment managers to have an RI/ESG policy along with statements as to the significance of such policies for their investment strategies and decision-making. The Trustee takes account of its investment advisers and investment managers’ RI/ESG strategies and policies separately and at the level of the investment portfolio (defined benefit) and the primary default fund (defined contribution).

Updates regarding RI/ESG policies are required from the both the defined benefit and defined contribution advisors and managers on an annual basis. Updates should include details of RI/ESG policies and procedures, the verification and validation of relevant data, and how this type of data is used to reach investment decisions. Disclosure of engagements and proxy voting actions are also requested.

### **Policy review**

The Trustee will continue to review its policy on a regular basis and will communicate any changes to all investment managers and providers.

<i>Date of this document:</i>	<i>August 5<sup>th</sup> 2021</i>
<i>Date of the most recent full policy review:</i>	<i>January 2021</i>
<i>Date of next review:</i>	<i>January 2022</i>