

CPS and Responsible Investment – Statement at the Members’ Meeting 6th March 2017

Those who were here last year will remember the topic of responsible investment. I told you that the Trustee would be considering the matter in detail during 2016 and that I would report its conclusions to this meeting.

At its November 2016 meeting the Trustee discussed responsible investment, assisted by a contribution from David Chambers of the Judge Business School. He is a member of the CPS Investments Committee and was also a member of the ACBELA working group which in 2016 reviewed the University’s Statement of Investment Responsibility. That review covered from the University’s perspective much the same ground as the Trustee was looking at as regards responsible investment. (ACBELA is the Advisory Committee on Benefactions and External and Legal Affairs.) Mr Chambers spoke to the ACBELA report, which the directors of the Trustee had been able to read before the meeting.

Therefore the Trustee had the benefit of the most up to date thinking and analysis on the topic of responsible investment, making the discussion comparatively straightforward. That discussion concluded that as a comparatively small scheme – more than £600m would be a lot of money in any of our pockets but is not very much in pension scheme terms - CPS already incorporates responsible investment considerations adequately into the investment decision making mix, but that it should make its approach more explicit by amending paragraph 10 of the CPS Statement of Investment Principles; revised wording was adopted by the directors at its meeting earlier this morning. This revised wording will be on the CPS website after this meeting, along with this statement.

Some may feel that the Trustee should do more, others that it should do less; there are also other possible approaches e.g. participation in the Red Lines initiative, canvassing the views of members by direct vote, but the approach which I have described is the one which, in the judgement of the Trustee, is the most appropriate at the present time.

Howard Jacobs
Chair CUPTL
6th March 2017

CPS and Responsible Investment - New and Old Paragraphs 10 of the Statement of Investment Principles.

The new wording is:

“The Trustee aims to be a responsible investor in a manner which is consistent with its investment objectives and legal duties, believing this approach to protect and to enhance the value of the Scheme’s assets.

The Trustee therefore expects its investment managers

- a. to integrate material extra-financial factors (such as corporate, environmental, social, governance and ethical considerations) into the selection, retention and realisation of the Scheme’s investments;
- b. to give appropriate weight to such extra-financial factors in the monitoring of the policies and practices of current and potential investee companies;
- c. to follow good practice themselves;
- d. to encourage good practice in investee companies, including where feasible by the exercise of voting rights attaching to the Scheme’s investments;
- e. to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed;
- f. to choose the investment which seems best to reflect material extra-financial factors if there is a choice to be made between two or more investments with identical financial properties

The Trustee reviews the position regularly, to stay in line with good practice.”

The new wording replaces:

“The Trustees do not currently have an active policy in place with regard to the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. These matters are however kept under review by the Trustees, in consultation with their investment consultant and investment managers.

The Trustees also do not currently have a specific policy in relation to the exercise of the rights (including voting rights) attaching to investments. These matters are however kept under review.”