



# Responsible Investment Policy

May 2025



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## SAUL's Vision

A sustainable, affordable and well-managed Scheme, which is valued by members and employers alike.

# 1. Introduction

## 1.1 - Background

This Responsible Investment (RI) policy applies to both SAUL Start (DC Section) and the Defined Benefit (DB Section) of the Superannuation Arrangements of the University of London (SAUL or the Scheme).

The Trustees' approach to RI can be summarised as to responsibly allocate, manage and carry out oversight of the capital which we invest in order to create long-term value for the beneficiaries. We expect this will also lead to sustainable benefits for the economy, the environment and society.

This RI policy is effective from May 2025 and sets out how the Trustee integrates RI into its investment processes. It also includes the Trustees' key priorities (for example, climate change), how we appoint and monitor the investment managers, how we engage and vote and how we disclose compliance with this policy to our stakeholders.

The investment managers responsible for managing the investments have also been provided with a copy of this policy. Other SAUL documents referred to in this policy are our:

- Statement of Investment Principles
- Investment beliefs, and
- Corporate Governance and Shareholder Engagement Policy.

## 1.2 - Governance

SAUL Trustee Company (STC) is the Trustee of SAUL and has a Board of 12 Directors made up of:

- five Directors appointed by the Council of the University of London
- four Directors appointed by UNISON and Unite the Union (two from each). These trade unions are recognised by the University of London, and
- three independent Directors, appointed by the Board

The Trustee is responsible for the investment of the Scheme's assets and setting the investment and RI objectives. Its investment powers are set out within the Scheme's governing documentation and relevant legislation.

The Trustee delegates much of its work to its Audit, Covenant Review, Investment, Human Resource and Remuneration, Nominations and Operations Committees. The work of these Committees is vital to the governance and good running of STC.

The Trustee has ultimate responsibility for the RI approach. The Investment Committee (IC) is tasked with implementing the policy and monitoring progress based on information provided by the Chief Investment Officer (CIO).

### 1.3 - Reporting against this policy

The Trustee receives an annual report on performance against this policy. This is used to complete the Trustee's annual publications as follows:

- an audited Annual Report and Accounts for the Scheme
- an annual DC Chair's Statement describing the investment costs, value for members and governance during the previous year
- an annual Implementation Statement describing how the policies and practices described in the SIP have been followed during the previous year
- an annual climate-change-risk management report describing the objectives, management, monitoring and reporting of climate change risks
- an annual report to the Principles for Responsible Investment (PRI), and
- an annual report setting out how we have considered the principles of the UK Stewardship Code.

### 1.4 – Further Information

If you would like more information, please write to:

The Chief Executive  
SAUL Trustee Company  
1 King's Arms Yard  
London  
EC2R 7AF

Telephone: 020 7776 4340

Website: [www.saul.org.uk](http://www.saul.org.uk)

## 2. Trustees' key RI priorities

The Trustee believes that implementing a robust approach to RI can protect and enhance value of the investments over the long-term, therefore enhancing member outcomes.

This is achieved by the Trustee having clear RI priorities, appointing investment managers that are expected to implement and report on these priorities and having an integrated approach to voting and engagement. The Trustee has agreed three key RI priorities which have been communicated to the investment managers. These are:

1. **Climate change** – the Trustee has committed to a target of Net Zero by 2050 (or sooner) and to help achieve this will aim to reduce the carbon footprint of its investment portfolio by 50% by 2030. Given this, the Trustee has (where possible) chosen investment managers who have clearly articulated policies for managing climate change risk.
2. **Nature / biodiversity** – the Trustee will focus on building knowledge and data on these risks and will encourage company disclosure in line with evolving best practice, and

3. **Social** – the Trustee will primarily focus on engagement with companies on workforce matters.

Given these key priorities, the Trustee seeks to incorporate them into our agreements with the investment managers. Further detail can be found in the remainder of this policy.

## 3. Approach and implementation

### 3.1 - Introduction

The Trustee has a duty to act in the best long-term interests of our members and we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

The Trustee is a signatory of the (United Nations) Principles of Responsible Investment PRI and aligns its overall RI approach to the six principles. These are:

Principle	Description
Principle 1	We will incorporate ESG issues into investment analysis and decision- making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the principles.
Principle 6	We will each report on our activities and progress towards implementing the principles.

Source: UN PRI

In addition, the Trustee periodically reviews its membership of other organisations or industry initiatives to help meet our RI priorities, promote best practice and encourage positive change for the benefit of members. The Trustees current memberships and affiliations are set out in the Appendix.

### 3.2 - Policy scope

This policy covers our RI approach to all asset classes. A summary of the main asset classes and the approaches we take to ensure compliance are shown in the table below.

Asset Class	Comments
<b>Public equities:</b>	<ul style="list-style-type: none"> <li>The publicly listed equity portfolio remains a key component of our growth portfolio and is also the most developed asset class in terms of integrating RI and facilitating engagement for change.</li> </ul>
<b>Public fixed income:</b>	<ul style="list-style-type: none"> <li>The fixed income investments are predominantly invested in UK government bonds and global corporate bonds. The Trustee expects our investment managers to engage with issuers, particularly before new bonds are issued as this is where the most impact can be made.</li> </ul>
<b>Private markets:</b>	<ul style="list-style-type: none"> <li>The private market investments cover a range of investment opportunities (for example, private equity, private infrastructure and private credit) and are generally accessed through investment in illiquid fund structures such as Limited Partnerships.</li> <li>Given the nature of these investments, direct engagement with the underlying companies sits with the General Partner of the Limited Partnership. As a large investor, and to ensure that the Trustee can influence appropriate consideration and reporting of RI, we request a seat on the Limited Partnership Advisory Committees where possible.</li> </ul>

### 3.3 - Appointment of investment managers

The Trustee also applies this policy when selecting new investment managers, paying particular attention as to whether they can help us meet our key priorities. This is achieved by including detailed questions in Requests for Information (RFIs), such as whether they:

- have clear policies on how they integrate RI throughout the investment lifecycle
- can meet our exclusions criteria
- provide us with evidence of how they incorporate RI considerations into investment decision making, how they identify significant RI risks and how they intend to mitigate these, for example through engagement for change
- encourage companies to adhere to best practice and adopt industry codes for sustainability and disclosure
- work with RI data providers to improve data standards
- respond to consultations and work with policy makers to enhance best practice
- review and enhance the tools they use to identify RI risks and implement firm-wide training programmes, and
- provide relevant reporting and analytics to the Trustee on a regular basis.

## 4. Stewardship, engagement and voting

### 4.1 Stewardship at SAUL

The integration of stewardship tools is key to ensuring the Trustees objectives are met. The Trustee supports and applies the PRI definition of stewardship:

*“The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients’ and beneficiaries’ interests depend.”*

The Trustee’s approach to stewardship is covered within an ESG framework:

Theme	Comments
<b>Environmental:</b>	<ul style="list-style-type: none"><li>• companies should develop policies across their own operations and supply chains to mitigate the risks of a transition to a low-carbon economy. This should extend to reviewing other aspects of their operations including nature and biodiversity risks, pollution, waste and adoption of recycling practices.</li><li>• companies should also disclose climate-related risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), as well as considering reporting in accordance with the Task Force on Nature-related Financial Disclosures (TNFD).</li></ul>
<b>Social:</b>	<ul style="list-style-type: none"><li>• Sustainable and well-functioning workforces are key to the success of companies. Adequate pay, working conditions and the right to collective bargaining all contribute to sustainable working. More importantly, companies should be transparent about their workforce practices and risks within their supply chains – in particular identifying and engaging with companies more at risk of Modern Slavery.</li><li>• high levels of executive pay (relative to the average employee) and unverifiable targets used for long-term incentive plans can be a barrier to a well-functioning workforce.</li><li>• the Trustee has also agreed an Equity, Diversity, and Inclusion (EDI) policy and expects its investment managers and service providers to also consider EDI as part of their own operations, as well as championing the benefits of EDI at engagements with investee companies.</li></ul>
<b>Governance:</b>	<ul style="list-style-type: none"><li>• the composition of the board, its committees and senior leadership teams are key factors in ensuring the long-term success of a company. Good governance also ensures that other sustainability issues (such as workforce issues, environmental and nature-based risks) receive the right amount of board meeting time.</li></ul>

Theme	Comments
	<ul style="list-style-type: none"> <li>governance issues range from ensuring that there is not a combined Chair and CEO role, diversity of board members and senior leadership teams, enough experienced non-executive directors on the board through to a regular rotation (and tender) of the service auditor.</li> </ul>

## 4.2 Company engagement

The Trustee invests in multiple companies and recognises that it has a fiduciary duty, through engagement, to ensure that these companies are aware of issues, including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

Engagement also provides a forum to tackle RI issues which will help to contribute to long-term sustainability and value creation. Engagement is also an important relationship building tool and ensures better understanding of the rationale of management regarding business risks, opportunities and strategy.

To ensure that effective company engagement takes place, the Trustee delegates most of its engagement activities to its investment managers and an external engagement provider to help it engage with companies on the three key priorities mentioned above, each of which are better placed to engage given their knowledge of the companies and their significant levels of aggregate client assets.

## 4.3 Engagement with policy makers and other bodies

Engagement with policy makers and other industry bodies is important to help shape the direction of future regulation and best practice, but most of all, ensures that any reporting requirements are both proportionate and relevant.

The Trustee will actively look to engage with policy makers and industry initiatives and to respond to consultations on a case-by-case basis. We also expect our investment managers to do the same. A good example of this would be an investment manager joining Climate Action 100+, using that network's combined firepower to engage with companies at risk from, and contributing to, climate change.

## 4.4 Collaborative engagement

The Trustee recognises that some RI risks (particularly engagements on climate change) can be tackled better with collaborative engagement with other interested parties. We will continue to review the merits of these on a case-by-case basis.

The external engagement provider helps us engage collaboratively on our three key priorities.

## 4.5 Voting

An external voting provider carries out proxy voting in line with the Trustee's Corporate Governance and Shareholder Engagement Policy so that votes are executed in a consistent manner across all of the shareholdings.

They also ensure that the Trustees' voting intentions are communicated to each company before each shareholder meeting. Where any investment managers have opposing views, these are discussed with the CIO, following which a decision will be taken as to how a vote will be cast.

The voting policy will be implemented within accounts held in the name of the Trustee and by using a pass-through voting service for pooled funds. Pass through voting enables the Trustee, where investments are held in a pooled fund, to vote on the meetings held by eligible companies within that pooled fund in line with our Corporate Governance and Shareholder Engagement policy.

Where the Trustee uses pooled funds and shareholdings are not being voted using a pass through voting service in line with the Trustees Corporate Governance and Shareholder Engagement policy, the CIO will review the managers' implementation of their policy.

#### **4.6 Shareholder resolutions**

The filing (or co-filing) of shareholder resolutions is a vital tool in helping to effect change where engagement has failed. The Trustee will consider whether to participate on a case-by-case basis. The Trustee also expects the investment managers to consider filing these resolutions and to support them where they are in the best interests of our members.

#### **4.7 Litigation**

To safeguard our assets, the prospect of litigation is an important tool but is viewed as a last resort in most cases. The Trustee will consider whether to participate on a case-by-case basis and expect the investment managers to include litigation as part of their stewardship toolkit and to report to us when this has taken place.

To help monitor any securities litigation cases involving SAUL's holdings, SAUL uses information provided by two legal firms that report to the CIO on a quarterly basis.

## **5. Climate change-risk-management**

### **5.1 Objectives**

The Trustee agrees that climate change will have an impact on the value of the investments and the risks are assessed over the short, medium and long term.

Given the need to tackle climate change, the Trustee agreed the following objectives in 2025, which also meets the Trustee's fiduciary responsibilities to act in the best financial interests of members.

<b>Overall objective:</b>	<ul style="list-style-type: none"> <li>Target of net zero by 2050 (or sooner).</li> </ul>
<b>1. Emissions reduction sub-objective:</b>	<ul style="list-style-type: none"> <li>aim to reduce the carbon footprint of the investment portfolio by 50% by 2030 (or sooner) on a scope 1 &amp; 2 basis.</li> </ul>
<b>2. Impact sub-objective:</b>	<ul style="list-style-type: none"> <li>achieve a 15% allocation to climate solutions across climate, nature / biodiversity by the end of 2025 and maintain beyond (subject to fiduciary duty).</li> </ul>
<b>3. Engagement framework:</b>	<ul style="list-style-type: none"> <li>engage with companies in sectors that are highly exposed to climate change, focussing on scope 1 &amp; 2 emissions, as well as nature / biodiversity risks.</li> <li>engage with policy makers and wider industry on reducing scope 3 emissions.</li> </ul>
<b>4. Exclusions Framework:</b>	<ul style="list-style-type: none"> <li>See Approach to Exclusions (section 6).</li> </ul>

## 5.2 – Climate Solutions

The Trustee has agreed that the 15% target to Climate Solutions will include significant investments in renewable energy, as well as other investments that will aid the transition to a low carbon, nature positive net zero world. These could either be held in dedicated mandates or be a significant part of mandates with broader objectives.

## 6. Approach to exclusions

### 6.1 - Overall Approach

If there are concerns that holding investments in a company or sector would affect the long-term sustainability (and engagement is unlikely to lead to positive change), the Trustee may exclude certain companies or sectors.

This will be implemented following a financial risk assessment and appropriate advice. Based on this framework, the Trustee has adopted the following exclusions.

Exclusion	Description
<b>Controversial Weapons</b>	<p>Divest from companies that manufacture cluster munitions, antipersonnel landmines, and biological and chemical weapons where there is evidence of non-compliance with the following treaties:</p> <ol style="list-style-type: none"> <li>1. The Convention on Cluster Munitions (2008): prohibits the production, stockpiling, transfer and use of cluster munitions</li> </ol>

	<ol style="list-style-type: none"> <li>2. The Anti-Personnel Landmines Treaty (1997), also known as The Ottawa Treaty (1997): prohibits the production, stockpiling, transfer and use of antipersonnel landmines</li> <li>3. The Biological Weapons Convention (1975): prohibits the production, stockpiling, transfer and use of biological weapons</li> <li>4. The Chemical Weapons Convention (1977): prohibits the production, stockpiling, transfer and use of chemical weapons.</li> </ol>
<b>Tar Sands</b>	Given that it will never be aligned with the Paris Agreement, divest from companies involved in the exploration and extraction of Tar sands, subject to a 5% revenue limit.
<b>Thermal Coal</b>	<p>Given that it will never be aligned with the Paris Agreement:</p> <ul style="list-style-type: none"> <li>• Divest from companies involved in the exploration and extraction of Thermal Coal, subject to a 5% revenue limit.</li> <li>• Divest from companies involved in the generation of electricity from Thermal Coal, subject to a 5% revenue limit.</li> </ul>
<b>Tobacco Producers</b>	Divest from companies involved in the manufacture of cigarettes and other tobacco products.

## 6.2 - Implementation

The Trustee will implement the above exclusions as far as practicable. If this is not possible, the Trustee will monitor the exposure to these securities and engage with the investment manager to either encourage them to align with the Trustee's exclusions, or work with us to implement a mandate structure that can accommodate them (subject to reasonable cost).

## 6.3 - Other exclusions

The Trustee may, from time to time, agree to accept additional exclusions within a mandate in addition to those set-out above. This may be appropriate for example, where the investment manager chosen already operates firm wide exclusions for all mandates.

# 7. Monitoring

## 7.1 - Investment managers

The IC considers an RI dashboard produced by the CIO for each of the investment managers. This is used to help monitor their performance against this policy. The dashboard is discussed with investment managers at formal review meetings to confirm our understanding and identify areas for improvement.

## **7.2 Voting and engagement**

The CIO monitors compliance with the Trustee's Corporate Governance and Shareholder Engagement policy through the quarterly reporting and meetings with the investment managers and the external engagement provider. Voting activity is reviewed by the IC on a quarterly basis, and an annual engagement report is received from the external engagement provider.

## **7.3 Advisers**

The Trustee reviews the performance of the Strategic Investment Consultant's RI advice annually.

## **8. Escalation and non-compliance**

The Trustee believes in building long-term relationships with the investment managers, and this extends to supporting and challenging them on the adoption and integration of our RI expectations. The Trustee is also acutely aware of the fast-changing regulatory environment, various industry codes and reporting practices and, most of all, the challenge of obtaining accurate and up-to-date RI data.

While the Trustee will give the investment managers some time to rectify non-compliance and risks identified over an appropriate timescale, the IC will consider any issues identified to determine whether the resultant risk warrants the termination of an investment manager's mandate.

## **9. Stock lending**

The Trustee participates in a stock lending programme run by its Global Custodian for securities held in the name of the Trustee. To exercise our vote at all company meetings, a proportion of shares will be excluded from the stock lending programme.

The Trustee may, from time to time, recall all the securities on loan for a company in which it invests should there be a voting issue of particular significance or where the Trustee has co-filed a shareholder resolution. These are considered on a case-by-case basis.

For any investments through pooled funds, where investment managers may also lend securities, the Trustee is comfortable with their policies in this regard. The CIO will monitor the stock lending practices (as appropriate) and highlight any areas of concern to the IC.

## Appendix - Industry initiatives

The Trustee periodically reviews membership of organisations and / or industry initiatives to help meet our RI goals, promote best practice and encourage positive change. A list of those that SAUL is involved with is shown in the table below:

Initiative (year joined)	Description
<b>Climate Action 100 +</b> (2022)	An investor-led initiative aimed at ensuring the world's largest corporate greenhouse gas emitters take necessary action on climate change. Launched in December 2017, it has become the largest global investor engagement initiative on climate change.
<b>Institutional Investor Group on Climate Change (IIGCC)</b> (2021)	A leading European body for investor collaboration on climate change. IIGCC works to mobilise capital for the transition to a net zero and climate-resilient economy.
<b>Paris Aligned Investment Asset Owners Initiative (PAAO)</b> (2022)	Paris Aligned Asset Owners (PAAO) is a global initiative that brings together asset owners committed to aligning their investment portfolios with the goals of the Paris Agreement. The primary objective of the PAAO initiative is to achieve net zero greenhouse gas (GHG) emissions across investment portfolios by 2050 or sooner.
<b>(United Nations) Principles of Responsible Investment (PRI)</b> (2013)	The UN Principles for Responsible Investment (PRI) is a global initiative that aims to promote the incorporation of environmental, social, and governance (ESG) factors into investment decision-making and ownership practices. Launched in April 2006 with support from the United Nations.
<b>Workforce Disclosure Initiative (WDI)</b> (2017)	A global program aimed at improving corporate transparency and accountability on workforce issues. Launched by ShareAction in 2017 and now managed by the Thomson Reuters Foundation, the WDI seeks to provide comprehensive and comparable data on how companies manage their workers across operations and supply chains.