

# Responsible Investment Approach

## RGS-IBG Investment policy: Maintaining scrutiny of environmental, social and corporate governance (ESG) performance in the Society's investments

There have in recent years been a range of different terms applied to investment strategies and policies guided by a set of values, including responsible, sustainable, ethical, values and 'ESG' investing.

The Society regularly reviews its Responsible Investment Policy. The policy, appearing below in its 2012 iteration, is also summarised within the Statutory Accounts (excerpt also appears below). The June 2019 Council received a paper from the Honorary Treasurer on this topic and agreed to continue with the current approach. This is shaped by the objective of acting as an 'engaged investor' that seeks active participation by our investment managers in reviewing the performance of investments against ESG criteria. That Council meeting agreed this approach in favour of an exclusions-based policy.

The Society's Investment Sub Committee takes reports at each meeting on the ESG assessment processes and performance indicators for its two main investment managers (Ruffer and Newton), and this would be a prominent consideration in future competitive review processes in relation to investment management.

Newton report their MSCI weighted average carbon intensity figures in each report. This demonstrates that they have a weighted carbon intensity figure that is 40% lower than the peer group average (Source: MSCI ESG Manager). Their MSCI ESG quality scores gives them a score of 8.45% which puts them 1st in their peer group of 326 funds.

Ruffer's approach focuses on 'Integration, Engagement and Voting'. This is filled out in their latest Stewardship and Engagement report (March 2021): <https://www.ruffer.co.uk/-/media/Ruffer-Website/Files/Downloads/ESG/2021-Q1-Ruffer-responsible-investment-report.pdf?la=en> In relation to climate change specifically they will publish their first climate task force report in Summer 2021.

Additionally, it is worth noting that in the recent process of appointing new members to the Investment Sub Committee, ESG-linked investment experience was a prominent discussion point in the appointment process. Anticipated new appointments (to be confirmed in June 2021) will bring additional skills and knowledge relevant to ESG investing.

Joe Smith, Director, June 2021

## Excerpt statement from 2020 Statutory Accounts:

### 'Major policies of the Society

#### (b) Investments

The investment objective of the Society's investment portfolios representing the General Fund, Ralph Brown Memorial Fund for Expeditions, Research and New Initiatives Appeal Fund, and Trust

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Funds is to achieve a balanced return from a broadly diversified blend of assets, with a moderate risk profile. The specific composition of the funds is orientated towards the long term with a spread of exposures in the UK and the wider global market. The investment funds are managed (with the two exceptions of the Dudley Stamp Memorial Fund endowment which is invested in the M&G Charifund, and the Frederick Soddy Award Fund endowment which is managed by Sanlam) under contract by Newton Investment Management Ltd and Ruffer LLP within the above objectives and certain investment parameters, and with a responsible investment policy. The policy states that “The Council of the Society starts from the premise that its principal overall responsibility is always to act in the best interests of the charitable objectives of the Society. So far as the Society’s investment policy is concerned, the Council believes that companies that clearly depart from acceptable environmental, human rights, social, moral or commercial policies are unlikely in the longer term to produce sustained growth in shareholder value. The Society endeavours to avoid material investment in such companies.” The Society’s Investment Sub-Committee monitors the responsible investment performance of its fund managers to ensure compliance with the policy. The Society’s Investment Sub-Committee meets three times a year to review the performance of the investment portfolios with the investment managers against the managers’ own and external benchmarks, reporting to the Finance Committee and Council.’

‘Responsible Investment Policy (document dating from 2012)

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