

Responsible Investing transcript

I do find it interesting that everyone and their dog are now talking about responsible investment and environmental, social and governance issues. It's something here at USS we've been talking about and actually being involved in for over 20 years.

When I started, we had a team of one person looking at responsible investment. Now we have a team of seven.

That's because the environmental, social and governance, the ESG issues, including things like climate change, have really gone up the political agenda really gone up the societal agenda. Really become important for companies and therefore us as investors and the processes we have to make sure that our investments take them into account.

What does responsible investing mean in the real world?

So, we look at responsible investment in two ways. Firstly, how we integrate ESG factors into our investment decision making processes to make better long-term decisions, but perhaps the more interesting part is how we work with the investments we have to make sure that they are addressing ESG factors. So, for example, we're a big shareholder in Moto the service station company and they have just developed probably the best and most environmentally friendly service station in the UK. We also have significant investments in renewable energy and clean technologies. And we now have investments in solar panels in Spain, for example, we have offshore wind, we have onshore wind, we have a whole range of other cleantech and environmentally friendly technologies we're investing in, and it's an area we definitely want to put more money into.

So that's a couple of examples of what I think of as responsible investment. What does it mean to you?

For me it's really about what it means for our members, which is greater flexibility and choice about how their investment builder savings are invested for the future. In particular, if you think about our ethical investment options, we listen to our members and we get feedback from them about how they would like the ethical fund range to be invested, and that's been a continual process since the launch of Investment Builder.

And some of the feedback we get actually says our members would like us not to be investing in fossil fuels, what do you say to?



Yes, I've seen that feedback from our members, but I have a counter position in that we buy oil and gas companies. But if we sell them, we're selling them to someone who's probably less likely to care about climate change or care about Net Zero than we do. We, as owners will be engaging with companies and I give you an example, we're engaging with Shell, the big oil company with a group of other investors to encourage the company to commit to Net Zero, which it has done. Not only for the emissions it has in its own operations, but also for the emissions associated with its product which is 85% of the emissions of an oil and gas company. And finally, I think it's really important that our members are aware that USS itself has set Net Zero ambition for our investments by 2050.

Now that may seem a long way off for our members, but you have to remember as a pension scheme, we're not investing for this year or next year, we're investing for 20, 30, 40 years down the line, over which time climate change could seriously impact our investments. So, we have to be taking steps now, and changing the way that we invest to make sure that we address that so that our members can have a secure future to retire into.