

Introduction

For the avoidance of doubt, this policy seeks to comply with the conclusions of the Law Commission's 2014 report on the consideration of financially material matters in taking account of Environmental, Social and Governance (ESG) factors.

It is our strong view that companies addressing and managing ESG factors impacting their business will provide better outcomes for their shareholders, and other stakeholders, over the long term.

We routinely make decisions on behalf of pension scheme members, where we act as trustee, on both the assets in which schemes invest, and the providers that supply services to our client schemes (such as Employee Benefit Consultancies, Administrators, and Investment Platforms). We believe that all such decisions will be enhanced by integrating Environmental Social and Governance (ESG) considerations.

To reflect our commitment to this area, we are a signatory to the UN Principles for Responsible Investment (PRI).

This matters to us from multiple perspectives: investments, service providers, sponsor covenant considerations and in our day-to-day running of Dalriada as a business. The following promises are from the perspective of Dalriada acting as sole trustee. We will also carry the following policy intent into discussions where we are a co-trustee and, whilst we do not in such cases have the right to insist, we will be arguing strongly for the following positions.

Environmental

Incorporating a broad spectrum of environmental factors in investment decision making is important for the financial security of our pension scheme members. We will expect all asset managers and other providers, who we appoint, to confirm commitment to one of the universal norms, such as the [Environmental Principles of the UN Global Compact](#). Once a commitment is confirmed, we will expect reporting on an annual basis and ideally some form of independent verification.

Social Issues

We expect all asset managers and other providers, who we appoint, to confirm commitment to one of the universal norms, such as the [Social Principles of the UN Global Compact](#). Once a commitment is confirmed, we will expect reporting on an annual basis and ideally some form of independent verification.

Governance

We expect all asset managers and other providers, who we appoint, to confirm commitment to one of the universal norms, such as the [International Corporate Governance Network \(ICGN\) principles](#). Once a commitment is confirmed, we will expect reporting on an annual basis and ideally some form of independent verification.

Sponsor Covenant

ESG issues will inevitably impact the businesses of the sponsoring employers of the schemes to whom we provide professional trustee services. We will take into consideration ESG factors when evaluating employer covenant and the long-term security of paying member benefits.

The precise position we take on a scheme will of course be influenced by the specifics of the situation. For example, ESG factors may be more financially material to a scheme looking to run on for longer. We commit to capturing that position in the statement of investment principles for each

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of our client schemes and to monitoring both the ongoing appropriateness of the position and the attainment thereof.