

POLICY FOR RESPONSIBLE INVESTMENT



Introduction

The Council of the Royal College of Music (RCM) has appointed a Finance and General Purposes Committee whose responsibilities include oversight of RCM's investment arrangements. The Finance and General Purposes Committee has established an Investment Committee to recommend RCM's Investment Strategy and Policy for Responsible Investment, to appoint fund managers to manage the investment funds and to monitor their performance.

The policy ensures the College takes an environmentally and socially responsible investment approach in line with its values, while minimising any potential negative impact on its investment returns.

Policy

In investing its funds, RCM believes that consideration must be given to environmental, social and governance (ESG) issues, reflecting the College's values and desire to be sustainable. RCM requires its investment fund managers to pay appropriate regard to ESG considerations in the selection, retention and realisation of all fund investments. The College also expects the fund managers to be able to demonstrate how they themselves promote Equality, Diversity and Inclusion in their organisations.

The Investment Committee has a fiduciary obligation to invest funds to maximise the benefit to RCM while ensuring the level of risk is appropriate. After determining the appropriate risk profile of each fund, RCM leaves detailed investment decisions to its external investment managers, as they possess the necessary expertise and information to make decisions that are in the best interest of each fund.

It is recognised that in the long term, sustainable corporate performance depends on well governed social and environmental systems, and RCM expects its investment managers to demonstrate how they consider ESG as part of the investment process. The College also expects them to engage with companies where ESG issues are a concern, provide proxy voting on ESG issues and report to the College on their engagement activities.

Reporting

The College requires its Investment Managers to report at least once a year on:

- how ESG factors are incorporated into the investment manager's investment process;
- engagement activity and results;
- voting activity;
- the investment manager's approach to mitigating climate change;
- the carbon footprint (scope 1 and 2) of the investment portfolio; and
- the portfolio's exposure to areas that could be of concern such as fossil fuels, as well as sustainable and impact investments.