How do pension funds involve their participants in their socially responsible investment policy?

"There is no one size fits all approach"

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Pension funds are making real strides forward with socially responsible investing (SRI). This is due to a growing emphasis on environmental, social and governance factors in legislation and wider initiatives such as the UN Sustainable Development Goals. Pension fund boards must consider numerous factors when formulating their SRI policy. So how do they ensure that their choices reflect their participants' preferences? And how do they determine what those preferences are and whether these change?

Principal Findings

- Participants' preferences regarding socially responsible investing should be periodically assessed.
- Preference surveys should be aligned with participants' perceptions and experiences
- Demonstrate that participants genuinely influence the policy as then they will provide more reliable answers to survey questions.
- Use different, complementary instruments such as interviews, panel discussions, round table discussions and webinars to obtain as good a picture as possible of participants' preferences.

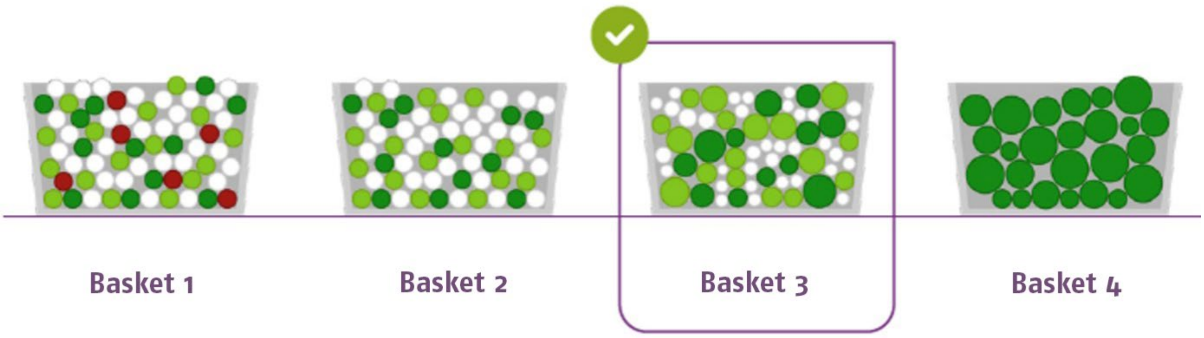

Figure: illustration from the participant survey of Philips Pensioenfonds. Baskets are used to deduce what a certain policy is for the relationship between 'more sustainable', 'neutral' and 'unsustainable' companies.

Key Takeaways for the Industry

- There is not a one size fits all approach to assessing preferences as each participant population has its own characteristics.
- Enter into a dialogue with participants about the dilemmas surrounding socially responsible investing so that they can better place the choices made.

Want to know more? Read the paper **'Hoe betrekken pensioenfondsen deelnemers bij hun maatschapppelijk verantwoord beleggingsbeleid'**

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