

# Arts Council Retirement Plan (1994) (“the Plan”)

## Frequently asked questions relating to the Trustees’ approach to the Plan’s Responsible Investment practices

March 2026

### Overview

The purpose of this document is to provide members with details of the Trustees of the Arts Council Retirement Plan’s practices relating to Responsible Investment (“RI”), and how that is reflected in the Plan’s assets. The Trustees recognise that RI is not static, but rather an evolving landscape as new issues and new data emerge. Therefore, the Trustees’ practices are under regular review to ensure that members’ collective views and expectations are reflected.

### Version control

This document will be reviewed at least annually or in response to any major geopolitical events, with the next scheduled review date set for November 2026.

### Frequently asked questions

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### How are the Plan's assets invested?

As at 31 December 2025, the Plan's assets were approximately £265m. These assets are all invested in pooled funds managed by professional investment managers. Investment in pooled funds means that the Plan owns a number of units of each fund, rather than owning the underlying stocks and shares held within that fund. This means we as Trustees cannot directly influence any individual holdings – this is controlled and decided by the investment managers.

The Trustees' target investment strategy is for these assets to be split broadly as follows:

- A high allocation to pooled equity funds (these funds hold shares in companies both in the UK and overseas).
- A high allocation to pooled bond funds (debt issued by companies and governments – again, both in the UK and overseas).
- An allocation to real assets (physical assets with inflation-linked income streams), including both pooled commercial property funds (e.g. offices and shops) and pooled infrastructure funds (e.g. energy generation, communications networks, transportation).

This mix of assets helps us to balance the Plan's investment risk and returns.

The Trustees choose the investment managers responsible for the management of each pooled fund, and we choose the specific pooled funds to meet our objectives. In doing so, and as part of all investment decisions we make, we consider alignment with our RI beliefs and ambitions. For example, all our pooled equity fund assets are held within funds that embed sustainability principles that closely reflect our own.

You can find more detail about the Plan's investment strategy and the underlying principles that govern our investment decisions in our [Statement of Investment Principles](#).

### How do the Trustees approach Responsible Investment?

RI means making investment decisions that consider things like the environment, how companies treat people, and how they are run. These factors can affect how well investments perform over time, so we believe it's important to consider them when managing the Plan's assets. Here's how we do this:

- **Our beliefs guide our decisions.** We have set out clear RI beliefs that include:
  - Ensuring our investments reflect the Trustees' values
  - Encouraging companies to act responsibly through our influence as investors (also known as 'stewardship')
  - Recognising that environmental and social changes are happening, and aiming to manage risks and create positive impact through our investments

You can read more about these beliefs in Appendix 1 of our [Statement of Investment Principles](#).

- **We choose managers who share our values.** When selecting investment managers and funds, we look for those who embed sustainability into their approach. For example, all our equity investments are held in funds that apply sustainability principles. Our current managers (Legal & General and Storebrand) both demonstrate strong sustainability credentials.
- **We regularly engage with our managers.** We meet with each of our investment managers on roughly an annual basis to ask questions and ensure they are managing the Plan's assets responsibly and in line with our expectations. We have identified priority stewardship themes that we focus on when engaging with our managers. The themes are set out in Appendix 3 of our [Statement of Investment Principles](#) and are reviewed at least every three years. They are not exhaustive, and we engage with managers on additional topics as appropriate. The current priority themes are:
  - **Achieving net zero:** we will aim to monitor whether our managers and the companies within their portfolios focus on ensuring those companies are on a trajectory to decarbonise their activity. Within this, we will specifically focus on climate change and biodiversity.
  - **Good employment practices:** we will aim to ensure that our managers and the companies within their portfolios are focused on promoting good employment practices. Within this, we will specifically focus on decent work and employment practices, as well as diversity and inclusion.
  - **Good-quality disclosures:** we will aim to ensure that our managers and the companies within their portfolios provide timely, accurate disclosures, particularly regarding the provision of financially material Environmental, Social and Governance ("ESG") data.
- **We track our progress:** We maintain a Stewardship Actions Log, which helps us monitor how our RI efforts are evolving and ensures these topics are discussed regularly.
- **We have a long-term vision:** In 2020, we set out our 'Vision for a Responsibly Invested Strategy', framing the following ambition statement: "To invest in a manner where sustainability issues are not just considered as part of what managers do, but so that the invested assets contribute positively to a more sustainable future". Since 2020, we have considered each of the Plan's investments in turn and have evolved our investment strategy to better align with our RI beliefs and ambitions. In recent months, we have mapped out our 'Vision: Road to 2030'. This forward-looking plan builds on our original ambition statement and will explore the following key areas:

- Ambitious, thoughtful & action-based stewardship
  - Creating positive impact through investment
  - Measurement, and how we can link results to tangible actions, allowing the Plan to have a stronger impact
- **We are recognised for our efforts:** We have been recognised by the Financial Reporting Council (FRC) as signatories to the UK Stewardship Code since 2023. We submit our report annually to the FRC to be accepted as a signatory. Most signatories are medium to large financial entities, and the Plan is one of the smallest entities to be recognised by the FRC. This shows a remarkable achievement: the Plan continues to meet the high standards set by the UK Stewardship Code and is reflective of the Trustees' commitment to stewardship and RI. You can find our 2025 Stewardship Report [here](#).

**What steps are the Trustees taking to ensure divestment from companies identified as serious human rights violators, according to international standards and authorities such as the United Nations Human Rights Council?**

As noted, the Plan's assets are invested through pooled funds. This means the Trustees cannot influence investment in any single company, other than through the selection of individual funds and asset managers. The Plan is not big enough to invest on a segregated (non-pooled) basis.

The equity funds in which the Plan's assets are invested all apply a minimum level of exclusion, including companies that are deemed to be in persistent violation of the principles of the [UN Global Compact](#). Principle 2 of the UNGC refers to human rights.

Further, the Storebrand equity fund employs a more rigorous standard. The manager has taken steps to divest from companies for which their proprietary research has identified strong evidence that international humanitarian law has been violated. More information on Storebrand's approach to engaging with portfolio companies on human rights can be found [here](#). More information on Storebrand's approach to managing conflict risk can be found [here](#).

Our focus is to ensure that we select managers with the appropriate skills and resources to address issues including, but not limited to, human rights concerns.

Both of the Plan's equity managers are rated strongly by our advisers for their stewardship credentials, and we engage directly with our managers on stewardship activity on a regular basis. This includes questions on issues such as human rights.

**What steps have been taken, or will be taken, to adopt clauses in the investment strategy statements ensuring that international law, business and human rights responsibilities (under the United Nations Guiding Principles and international labour standards) are fully considered when making investment decisions?**

As noted, we adopt high standards in the consideration of a wide range of RI themes in the development and implementation of the investment strategy. This approach has evolved over the last five years. We will be reviewing our approach over the coming months and will consider whether further changes are needed.

We hope that you have found this helpful and welcome any feedback you have for future iterations.

The Trustees of the Arts Council Retirement Plan (1994)



## Appendix: Glossary

Key term	Definition
<b>Decarbonise</b>	To reduce or remove carbon dioxide emissions associated with investments or business activities.
<b>Divestment</b>	The practice of selling off investments in certain companies or sectors, often for ethical, environmental or social reasons.
<b>ESG</b>	Abbreviation for 'Environmental, Social and Governance'. ESG frameworks are used to assess how a company manages its impact on the environment, people and communities, and the quality of its leadership, management and internal controls.
<b>Exclusion</b>	The practice of avoiding investment in certain companies or sectors, usually because they do not meet specific standards (including ethical and ESG standards).
<b>Human rights violators</b>	Companies identified as being involved in serious breaches of internationally recognised human rights.
<b>International labour standards</b>	Guidelines developed by the International Labour Organization to ensure fair and safe working conditions worldwide.
<b>Investment manager</b>	A professional firm or individual appointed to manage the Plan's investments on behalf of the Trustees.
<b>Net zero</b>	Achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere, so that no extra emissions are added overall.
<b>Pooled fund</b>	An investment vehicle where money from multiple investors is combined and managed collectively, rather than each investor owning individual assets directly.
<b>Proprietary research</b>	Research conducted by an organisation for its own use, not shared publicly.
<b>Responsible Investment</b>	An investment practice that integrates ESG factors, recognising that these factors can have a material impact on financial returns.
<b>Stewardship</b>	The responsible management and oversight of investments, including influencing companies' behaviour through voting and engagement.
<b>Trustees</b>	The board responsible for managing the Plan. It comprises an independent chair, alongside Trustees nominated by both the members and the company, who together oversee the Plan in the best interests of all members.
<b>UK Stewardship Code</b>	A set of principles for institutional investors in the UK, designed to promote good practice in how they manage and oversee investments on behalf of others.
<b>UN Global Compact</b>	A United Nations initiative encouraging businesses to adopt sustainable and socially responsible policies.

## Appendix: Useful resources

- Plan [Statement of Investment Principles](#)
- Plan [2025 Stewardship Report](#)
- [UN Global Compact](#)