

THE STANDARDS BOARD PUBLISHES PRACTICAL GUIDANCE FOR ALTERNATIVES MANAGERS DEVELOPING APPROACHES TO RESPONSIBLE INVESTMENT

9 March 2021

The Standards Board for Alternative Investments (SBAI) has published a [memo](#) that provides a framework for alternative investment managers to navigate the complexities of developing a Responsible Investment approach.

The memo, part of a series of SBAI publications and events on Responsible Investment (RI), focuses on key considerations for managers developing an RI Approach, critical questions for investors to ask during due diligence and guidance for documenting an RI Approach in an RI Policy. The memo provides a detailed analysis of the foundations and building blocks of an RI Approach. Areas of focus include Responsible Integration of RI-related risks, Responsible Asset Selection and Ownership, and Responsible Corporate and Market Citizenship. The memo also covers key foundations of an RI Approach including resource requirements, data, governance, and disclosure to investors.

Future SBAI publications will supplement this memo by diving deeper into the practical implementation of these approaches in different alternative investment strategies, including Long-Short Equity, Macro, Credit, Systematic and Insurance Linked Strategies. These memos will highlight the nuanced thinking that is required for RI in these strategies and provide investors with a guide to forming expectations for an RI Approach in different alternative investment strategies.

Kai Rimpi, Director, Hedge Funds at Varma Mutual Pension Insurance Company said “The review of Responsible Investment policies during the due diligence process is now becoming more critical. Asset managers with a well-defined and thoughtful policy will give themselves an edge in the allocation process, as these policies begin to become a must-have for asset managers. This memo provides a powerful toolkit for these managers to produce a clearly defined and transparent policy.”

Jason Mitchell, Co-Head of Responsible Investment at Man Group said “As responsible investment (RI) expands and matures, the SBAI continues to produce essential support to the alternative investor community. From guidance that covers policy development, disclosure, transparency, investment process and data, the SBAI RI Memo series provides institutional investors a blueprint for understanding its nuances and nomenclature, and ultimately implementing a well-rounded RI approach.”

Brandon Gill New, Senior Portfolio Manager, Capital Markets at OPTrust said “Responsible investment encompasses many different issues and there is no one-size-fits-all approach. It is important to understand asset managers' responsible investment policies and understand how those policies are translated into investment decision-making and stewardship activities. We at OPTrust welcome constructive dialogue with managers on responsible investing; there is a learning curve for all involved as the industry develops and refines strategies and approaches in this critical area.”

This memo was developed by the SBAI's Responsible Investment Working Group, which is actively reviewing other areas of relevance, including strategy specific considerations and how investors can develop their own approach to RI in Alternatives.

Maria Long, Content Director of the SBAI said: "The SBAI's detailed drill down into strategy specific considerations will fill a void in providing practical guidance for the alternative investment sector. In particular, for strategies outside of the more traditional long only space."

SBAI's Responsible Investment Working Group consists of over 65 leading industry practitioners, including Aberdeen Standard Investments, Albourne Partners, APG Asset Management, Blackstone Alternative Asset Management, BlueBay Asset Management, Bridgewater Associates, Brummer & Partners, CERN Pension Fund, CQS, Employees Retirement System of Texas, Fiera Capital, HealthCor Management, HPS Investment Partners, Innocap Investment Management Inc., Magnetar Capital, Man Group, Marshall Wace, New Holland Capital, Ontario Teachers' Pension Plan, Orchard Global Asset Management, Public Sector Pension Investment Board (PSP Investments), RockCreek, The State Pension Fund of Finland (VER), Unigestion, Whitebox Advisers LLC and Winton.

The Responsible Investment memo forms part of the [SBAI Toolbox](#), which provides guidance to institutional investors and managers on a broad range of topics, including addressing conflicts of interest, risk and fee transparency and cyber security. The SBAI Toolbox complements the [Alternative Investment Standards](#), to which investment managers formally sign up to on a comply or explain basis. In addition to the SBAI's work in Responsible Investment, the SBAI is also running several other working groups focusing on the following areas: Culture and Diversity, Governance, Alternative Credit, Insurance Linked Funds, Alternative Risk Premia and Standard Investor Profile Template, as well as regional focus groups in China and Japan.

About the Standards Board for Alternative Investments (SBAI)

Established in 2008, the SBAI is a neutral standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards (the Standards). The Standards Board is a platform that brings together managers, investors, and their peers to share areas of common concern and develop practical, industry-wide solutions. It provides a powerful mechanism for creating a framework of transparency, integrity, and good governance, facilitating investor due diligence, providing a benchmark for manager practice, and complementing public policy.

The SBAI and the Standards are supported by more than 130 alternative investment managers with approximately \$1 trillion in aggregate assets and by more than 80 major institutional investors, including sovereign wealth funds, pension funds, endowments, foundations, and fund of funds, overseeing \$4 trillion in assets. More information about the SBAI can be found at www.sbai.org.

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Notes to editors:

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- Polar Asset Management Partners
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- Utah Retirement Systems
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- Varma Mutual Pension Insurance Company

9. [Signatories](#) (please click to see the full list)

10. In July 2014, the SBAI became an affiliate member of the International Organization of Securities Commissions (“IOSCO”).