

PE49. INVESTMENT STRATEGY - ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) UPDATE

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the environmental, social and governance (ESG) considerations arising from the review of investment strategy.

The report highlighted:-

- The Fund's approach to environmental, social and governance (ESG) matters as set out in Section 9 of the Statement of Investment Principles (SIP);
- The Fund's obligations as a responsible investor and the commitment to ensuring companies meet acceptable standards of practice with a particular focus on human rights, environmental issues and employment standards;
- That engagement and influence took place through the Fund including having regular discussions with Asset Managers on their own specific ESG monitoring, the exercising of voting rights through proxy voting agents and membership of the Local Authority Pension Funds Forum (LAPFF);
- That in terms of Fund policy in general the non interference in the investment decisions of Managers and to allow them to base their decisions on the risk/return characteristics of each investment opportunity;
- The corporate governance matters of significance being reported quarterly to the Pensions Committee and Board;
- The monitoring of Managers to ensure the embedding of ESG considerations into their investment processes and the evaluation of risk and return; and
- The work of the investment Sub Group in relation to regulatory matters, fiduciary duty, legal consensus and divestment.

Decision

The Committee and Board noted the report.

The Committee agreed to approve that a dedicated training event be held in due course addressing the Fund's approach to environmental, social and ethical matters (ESG) in relation to investment decision making.