

PE32. Environmental, Social and Governance (ESG) Update

The Committee and Board considered a report by the Director of Corporate and Housing Services advising of the recent requests from Fund constituents to divest from fossil fuel companies in line with the Environmental, Social and Governance (ESG) considerations of the Fund.

The areas covered within the report included the following:-

- The focus in previous two years by the Fund in particular to the environmental stewardship and the challenges of climate change;
- The adoption of the additional Environmental, Social and Governance (ESG) beliefs within the Statement of Investment Principles (a “SIP”) stating how ESG considerations would be taken into account in the investment process;
- The undertaking of a carbon measurement exercise to better understand the associated risks;
- The manager engagement in relation to fossil fuel company investment exposure in respects of decisions;
- The quarterly reporting on voting undertaken by the Pensions and Investment Research Consultants (PIRC);
- The Fund’s current approach to ESG as set out in the SIP; and
- The recent lobbying and legal position.

Decision

The Committee and Board noted the report.