



Pensions Fund Sub-Committee
6 November 2018

Report from the Chief Finance Officer

Responsible Investment Policy

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: <ul style="list-style-type: none"> • London CIV – Responsible Investment Policy
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Conrad Hall, Chief Finance Officer Conrad.Hall@brent.gov.uk Tel. 0208 937 6528 Ravinder Jassar, Head of Finance Ravinder.Jassar@brent.gov.uk Tel. 0208 937 1487

1.0 Purpose of the Report

1.1 This report presents the Responsible Investment Policy of the London CIV. The purpose of the policy is to detail the approach that the London CIV aims to follow in integrating environmental, social and governance ('ESG') issues in its investments.

2.0 Recommendation(s)

2.1 The Committee is asked to note and support the Responsible Investment Policy.

3.0 Overview

3.1 This framework defines the commitment of the London CIV to responsible investment. It recognises its clients have a fiduciary duty to act in the best long-

term interests of their members. To do so properly requires the London CIV to recognise that environmental, social and governance issues can positively and negatively impact on the Fund Solutions provided by the Pool which should be considered in investment strategies and decision-making processes.

3.2 The London CIV has considered the guidance provided in the Ministry of Housing Communities and Local Government ('MHCLG') paper 'Local Government Pension Scheme: Investment Reform and Criteria and Guidance' in the establishing this policy

3.2 In summary the Responsible Investment policy focuses on engagement and accountability. The core of the policy is to be an engaged investor, exercising the rights of ownership and holding to account those who manage our investments. The policy stops short of blanket exclusion and divestment as tools of responsible investment. It provides a framework for developing policies for engaging on specific topics.

3.3 The policy is considered to be a "best practice" policy, providing an effective influencing and engagement framework. In particular it provides a framework for oversight of investment managers.

4.0 Key Beliefs

4.1 The key beliefs of the London CIV as set out in the Policy are as follows:

- We believe it is important that we accept and exercise the responsibilities of ownership of all the assets we manage.
- We believe that communication and engagement are integral to responsible investment.
- We believe that we should hold all our suppliers to account over how they exercise our ownership rights.
- We accept that there can be a conflict between the ability to exercise ownership rights when working with other third parties; we will manage this through communication and engagement.
- Sometimes assets will be sold over ESG issues; however the LCIV or its partners will only do this on a case by case basis when considering all the facts.
- We believe pre-determined divestment on a rules-based approach is contrary to Government guidance and does not form part of this RI policy.
- We believe our voice for responsible ownership is loudest when we own an asset.

5.0 Guiding Principles

5.1 The Guiding Principles of the London CIV as set out in the Policy are:

- We should set out principles to which we aspire on subjects that all shareholders can agree:

- Human Rights
 - Human Slavery
 - Rule of law
 - Environmental transparency
 - Equality
 - Corporate Governance
- We will require all Investment managers to have an RI policy if the LCIV is to invest with them.
 - We will make clear to investment managers our consensus views on these matters and ask them to consider incorporating them into their RI policies.
 - We will ensure that all investment managers operate their RI policies effectively and hold them to account.
 - An Investment Managers inability to operate effectively their RI Policy will be a factor in determining if the LCIV continues to use a manager.
 - We will produce an Annual RI report for the London CIV.

6.0 Financial Implications

6.1 Not applicable.

7.0 Legal Implications

7.1 Not applicable.

8.0 Equality Implications

8.1 Not applicable.

9.0 Consultation with Ward Members and Stakeholders

9.1 Not applicable.

10.0 Human Resources

10.1 Not applicable.

Report sign off:

CONRAD HALL
Chief Finance Officer