

KENT COUNTY COUNCIL SUPERANNUATION FUND RESPONSIBLE INVESTMENT POLICY

The Kent County Council Superannuation Fund (the Fund) is committed to being a Responsible Investor and a good long-term steward of the assets in which it invests.

The Fund recognises it is consistent with its fiduciary duty to manage **Environmental, Social and Corporate Governance (ESG)** issues that may be financially material.

This policy sets out the Fund's approach to **Responsible Investment (RI)** and details the actions the Fund and its external providers take on its behalf, to protect the Fund and its assets from ESG and reputational risk.

Kent County Council Superannuation Fund's Responsible Investment (RI) Beliefs

- As a long-term investor, seeking to deliver long-term sustainable returns, taking a sustainable investment view is more likely to create and preserve long-term investment capital.
- The identification and management of ESG risks that may be financially material is consistent with our fiduciary duty.
- The Fund seeks to integrate ESG issues at all stages of its investment decision making process, from setting the investment strategy to monitoring its investment managers.
- Active ownership helps the realisation of long-term shareholder value. The Fund has a duty to exercise its stewardship and active ownership responsibilities (voting and engagement) effectively by using its influence as a long-term investor to encourage responsible investment behaviour.
- The Fund recognises that taking a collaborative approach with other investors can help to achieve wider and more effective outcomes. This is evidenced by participation in the various initiatives outlined in this document
- The Fund seeks to identify sustainable investment opportunities where aligned with its broader investment objectives.
- It is important that the Fund be transparent and accountable to members and stakeholders with respect to its RI activities.

Implementation

The Fund seeks to integrate RI across its investment decision-making process and adopts a flexible approach to managing its investment strategy and asset allocation in order to ensure it is robust from a risk and return perspective.

In setting and implementing its investment strategy, the Fund takes advice from professional investment advisors.

The Fund's assets are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Fund. The Committee considers ESG integration and active ownership when selecting and monitoring investment managers.

The Fund expects its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Fund's investments. The Fund also expects feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.

The Fund would engage directly with a company in which it is directly invested, in exceptional circumstances.

The Fund supports and has signed up to the **Principles of Responsible Investment (PRI)** and expects its external investment advisors and investment managers, to be signatories, and demonstrate commitment, to the PRI.

The Fund expects the investment managers who hold shares on its behalf to fully comply with the **UK Stewardship Code 2020 (the Code)** and to fully participate in voting at company annual general meetings. It expects its investment managers to carry out all voting decisions on behalf of the Fund and to provide feedback information on voting decisions on a quarterly basis.

As a member of **The Institutional Investors Group on Climate Change (IIGCC)** the Fund will monitor developments on climate change and use the research undertaken to monitor and challenge our investment managers.

Our Commitment

We acknowledge that the Fund's approach to RI will need to continually evolve, both due to the changing landscape with respect to ESG issues, as well as broader industry developments. We are committed to making ongoing improvements to the

Fund's approach and the processes that underpin the delivery of this policy to ensure it remains relevant.

Glossary

ESG – Environmental, social and corporate governance issues

RI - Responsible Investment – This refers to the incorporation of environmental, social and corporate governance considerations into investment processes, as these are absent in much traditional financial analysis. RI was very focused on company level analysis, but climate change and sustainability challenges increasingly require a more strategic, forward looking, portfolio view. There are 4 levers that an investor can use in its responsible investment approach: integration, stewardship, thematic investment and exclusions.

PRI – The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary General. The principles are as follows:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Stewardship and Active Ownership – The principle that shareholders should not be passive in their role as providers of capital and should take an active approach to using the voting rights attached to their shares and engaging with the companies they invest in (where appropriate) to encourage best practise and maximise shareholder value. For pooled fund clients, good stewardship and active ownership can be demonstrated through the review and ongoing monitoring of the pooled

fund managers' activities in the areas of voting and engagement and the managers demonstrating the potential value of their actions.

UK Stewardship Code – Introduced for institutional investors in 2010, the UK Stewardship Code aims to incentivise investors to seek increased accountability from company boards and encourage them to seek on-going dialogue with their investors. The Stewardship Code has seven Principles and it is a mandatory requirement of the Financial Conduct Authority (FCA) that UK authorised asset managers disclose their compliance with the Code or explain otherwise through a public 'Statement of Commitment'.

IIGCC – The institutional Investors Group on Climate Change (IIGCC) is the European membership body for investor collaboration on climate change.

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