

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 7 February 2020

Subject: **Responsible Investment (RI) / Environmental Social and Governance (ESG) policy**

Classification: Unrestricted

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Summary: To review the Kent Fund's RI / ESG policy

## **FOR DECISION**

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### **INTRODUCTION**

1. As the extra meeting on the Committee's annual meeting schedule today's meeting provides an opportunity for members to review the Fund's approach to Responsible Investment (RI).
2. This is a very important and topical issue and its important that the Fund's RI policy is appropriate and fit for purpose.
3. The purpose of today's review is to consider whether the Kent Fund's Responsible Ownership policy and the Corporate Governance section of the Investment Strategy Statement's should be updated.

### **BACKGROUND**

4. In accordance with LGPS regulations the Kent Fund is required to publish its policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments, as well as their policy on the exercise of rights (including voting rights) attaching to investments.
5. Copies of the Kent Fund's current Responsible Ownership Statement and Investment Strategy Statement (ISS) and attached at appendices A and B. The responsible ownership statement describes the Fund's approach to environmental, social and governance issues and the ISS includes a section describing the Fund's commitment to promoting good corporate governance.
6. The Committee last reviewed the Responsible Ownership Statement some time ago and the ISS at its meeting in September 2019.

### **SCHEME ADVISORY BOARD (SAB) CONSULTATION**

7. The local scheme advisory board has recently issued for consultation part 1 of their proposed guidance on the duties of Investment Decision Makers in LGPS funds with regard to developing and maintaining a RI policy. The deadline for

responses to the consultation is 31 January and Kent will with other ACCESS authorities be sending a joint response and a copy of the response will be shared with members at the March meeting.

## **WORKSHOP**

8. To support members with the review of the Fund's RI policy Mercer have been asked to host a workshop and a copy of their slides are attached at appendix C.
9. Officers and Mr Simkins felt it would be helpful for members to have a look at another LGPS fund's RI policy and given that the Hampshire fund though bigger, shares similar characteristics with the Kent fund theirs seemed to be an appropriate policy to consider. A copy of the current policy is attached at appendix D and Andrew Boutflower an officer with the Hampshire Fund has been invited to present to the Committee.

## **RECOMMENDATIONS**

10. Members are asked to consider whether the Kent Fund's policy on Responsible Ownership and the Corporate Governance section of the Investment Strategy Statement's should be updated and to agree next steps.

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