

Statement of responsible ownership

The Superannuation Fund Committee is fully aware of its fiduciary responsibility to obtain the best possible financial return on the investments of the Pension Fund (the Fund) for acceptable levels of risk. This responsibility is to keep down as far as possible increases in the cost of the scheme to scheme employers and ultimately to dampen the cost of the scheme to council tax payers in Kent.

The Fund also seeks through good management of Environmental, Social and Governance (ESG) issues to help the financial performance and improve shareholder investment returns in the companies in which it invests.

Fiduciary responsibility

As a consequence of the Fund's fiduciary responsibility to the taxpayer it will not impose restrictions upon the external investment managers on specific stocks or countries which they can or cannot invest in.

The Fund is not positioned either to impose blanket restrictions or to adjudicate which stocks or countries the Fund should invest in and is aware that:

- restrictions will reduce the accountability of the investment managers
- it is very difficult to determine what activities should be prohibited. This is an issue of individual conscience
- it is only possible for investment managers to influence company behaviour if they are a shareholder.

The Committee retains the right to intervene with an investment manager if they undertake investments which are not acceptable for example illegal activities, major fraud.

UK Stewardship Code

The Committee expects the investment managers who hold shares on its behalf to fully comply with the [Financial Reporting Council's \(FRC\) UK Stewardship Code](#) and to fully participate in voting at company annual general meetings. Investment managers provide feedback information on voting decisions on a quarterly basis.

Environmental, Social and Governance (ESG) issues

The Committee expects the 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 Committee also expects feedback from the investment managers on the activities they undertake.

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

UN principles for responsible investment

The Fund supports and has signed up to the [UN principles for responsible investment](#). The 6 principles are, we will:

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

Climate change

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

Shareholder litigation

The Fund will actively participate in class actions in the USA and UK where it is of clear financial benefit to it.

Policy amended October 2019