



STATEMENT OF RESPONSIBLE INVESTMENT

Report by Chief Financial Officer

PENSION FUND COMMITTEE & PENSION BOARD

13 September 2018

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this note is to aid the Pension Fund Committee and Board in its discussion around responsible. It is proposed the attached paper will be developed into a Responsible Investment Policy for the Fund.**

2 BACKGROUND

- 2.1 The Committee has an overriding fiduciary duty to maximise investment returns for the benefit of the Fund members. In doing so it is intended that the financial contributions required of Fund employers will be minimised.
- 2.2 Trustees of the Pension Fund also have a responsibility to ensure the Fund is undertaking its investment activities in a socially responsible way. This means the fund must be aware of its Environmental, social and governance (ESG) responsibilities.
- 2.3 Public interest in ESG has increased in recent years and there is a drive to increase the responsibilities placed upon Trustees for Environmental, Social and Governance issues. It is no longer acceptable for Trustees to do nothing on ESG.
- 2.4 Over the last year the Committee and Board have discussed ESG matters and agreed to review the ESG section of the Statement of Investment Principles. Upon review of good practice adopted by the Fund's Managers and other Pension Funds it has become clear that a separate Statement of Responsible Investment would fulfil the Fund's ESG responsibilities more appropriately. The document attached in Appendix 1 is a draft of a Statement of Responsible Investment for discussion at the meeting. This will be developed and presented to the Joint Committee and Board for final agreement at the December 2018 meeting.

Approved by
David Robertson Chief Financial Officer
Signature

| Name | Designation and Contact Number |
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| Kirsty Robb | Pensions and Investments Manager |