

<b>REPORT TO:</b>	<b>Pension Board 14 October 2021</b>
<b>SUBJECT:</b>	<b>Pension Fund Environmental, Social and Governance Policy</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook Head of Pensions Investment and Treasury</b>
<b>1. RECOMMENDATION</b>	
1.1	This report provides the Board with a summary of the paper presented to the Pension Committee recommending an Environmental, Social and Corporate Governance (ESG) policy. The Board is invited to consider this report.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report sets out a framework to ensure that the Croydon Pension Fund adopts an Environmental, Social and Corporate Governance policy that is appropriate and a set of goals that are achievable.

## **3 DETAIL**

- 3.1 The Pension Committee, at its meeting of 14<sup>th</sup> September, considered a report on an Environmental, Social and Corporate Governance policy, (ESG), for the Croydon Pension Fund. That report is appended to this, as Appendix A. This report sets out the recommendations amended or agreed by that Committee.
- 3.2 The report set out 7 recommendations, reproduced below.
- 3.3 The first recommendation was to revise section 6 of the Investment Strategy Statement to read 'The Fund will only invest in investments with a strong environmental, social and governance policy that includes no tobacco investments. Furthermore, where this is consistent with the agreed investment strategy, the Fund will invest in assets that positively address these [same] environmental, social and governance policy issues.' The Committee decided to amend this to include, after the words 'tobacco investments' this phrasing: 'de-invest in fossil fuels and move towards net carbon neutrality over time.'
- 3.4 The second recommendation adopted was to include a statement to move towards net carbon neutrality into the Fund's investment policy, by incorporating into current investment criteria.
- 3.5 The third was to incorporate the option to allow London CIV concessions.
- 3.6 The fourth was to continue to subscribe to the LAAPF to meet commitments to engage and campaign on social and governance issues.
- 3.7 Next the Committee decided to encourage fund managers to report on environment factors.

- 3.8 The Committee decided that officers should survey fund managers to identify best practice that can be included in regular performance reporting.
- 3.9 Finally it was decided that the Committee selects an external provider to measure progress towards net zero carbon and report periodically to the Committee or consider expanding the Pension Fund Investment team to undertake this piece of work.
- 3.10 The Board is invited to discuss the implications of these policy changes and the issues relating to their implementation.

**Approved by:** Nigel Cook on behalf of Richard Ennis, Interim Corporate Director of Resources and Section 151 Officer.

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**CONTACT OFFICER:**

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**BACKGROUND DOCUMENTS:**

None

**APPENDICES:**

**Appendix A:** London Borough of Croydon Pension Fund: Pension Fund  
Environmental, Social and Governance Policy, including:

**Appendix A(1) :** Appendix A: London Borough of Croydon Pension Fund: ESG Policy