



Essex County Council

# Essex Pension Fund Investment Steering Committee

<b>13:00</b>	<b>Wednesday, 17 July 2019</b>	<b>Committee Room 2, County Hall, Chelmsford, CM1 1QH</b>
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**For information about the meeting please ask for:**

Amanda Crawford, Compliance Manager

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<b>1</b>	<b>Membership, Apologies and Declarations of Interest</b> To note the content of the report	<b>5 - 6</b>
<b>2</b>	<b>Minutes of ISC Meeting 26 June 2019</b> To approve as a correct record the minutes of the Committee meeting held on 26 June 2019	<b>7 - 12</b>
<b>3</b>	<b>Investment Strategy Statement (ISS) Review - Responsible Investment (RI)</b> To receive a report and presentation from Hymans Robertson	<b>13 - 24</b>
<b>4</b>	<b>Schedule of Meetings and Events</b> To note the future meeting and event dates including the Baillie Gifford event in October 2019	
<b>5</b>	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

## **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

### **6            Review of Investment Performance for the year ended 31 March 2019**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **7            Review of the Investment Manager Benchmarks**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **8            Review of the Fund's fees compared to Peers**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **9            Strategy De-risking Plans**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**10           Currency Hedge Review**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**11           Structural Reform of LGPS pooling quarterly Joint Committee update**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**12           Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

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<b>Essex Pension Fund Investment Steering Committee</b>	<b>ISC 01</b>
<b>Date: 17 July 2019</b>	

## **Essex Pension Fund Investment Steering Committee Membership, Apologies and Declarations of Interest**

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

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### **1. Purpose of the Report**

- 1.1 To present Membership, apologies and Declarations of Interest for the 17 July 2019 ISC.

### **2. Recommendation**

- 2.1 That the Committee should note:

- Membership as shown below;
- Apologies and substitutions;
- Declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

### **3. Membership**

(Quorum: 4)

6 Conservative Group: 1 Labour Group

#### **Membership**

#### **Representing**

Councillor S Barker

Essex County Council (Chairman)

Councillor M Platt

Essex County Council (Vice Chairman)

Councillor A Goggin

Essex County Council

Councillor A Hedley

Essex County Council

Councillor L Scordis

Essex County Council

Councillor C Souter

Essex County Council

Councillor M Maddocks

Essex County Council

#### **Observers**

Councillor C Riley

Castle Point Borough Council

Sandra Child

Scheme Members

## Minutes of the meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 26 June 2019

### 1. Membership, Apologies and Declarations of Interest.

The report of the Membership, Apologies and Declarations of Interest were received.

#### Membership Present:

##### Essex County Council

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr C Souter	
Cllr L Scordis	
Cllr A Hedley	
Cllr A Goggin	

left 3:12pm  
arrived 1:22pm  
  
left 1:27pm

##### Scheme Employer Representatives

Cllr C Riley	(Observer)
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##### Scheme Member Representatives

Sandra Child (UNISON)	(Observer)
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The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Helen Pennock	Compliance Analyst

Mark Stevens	Independent Advisor
Matt Woodman	Hymans Robertson
Alessandra Santiago	Hymans Robertson

Tom Prew	Stewart Investors (Presentation only)
Jimmy Burns	Stewart Investors (Presentation only)

Mike Thomas	M&G Investments (Presentation only)
Richard Ryan	M&G Investments (Presentation only)

Members noted that the meeting would be recorded to assist with the minutes for the meeting.

#### Opening Remarks

The Chairman welcomed the Committee.

### **Apologies for Absence**

It was noted that Cllr Maddocks and Cllr Erskine, along with PAB members Nicola Mark, Paul Hewitt, James Durrant, Debs Hurst and Andrew Coburn were unable to attend the meeting.

Cllr Goggin gave his apologies for his early departure.

### **Declarations of Interest**

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr A Hedley stated that he was in receipt of an Aviva Group pension. Cllr A Goggin stated his wife, sister and brother-in-law were in receipt of an Essex LGPS pension and Cllr C Riley declared he was also in receipt of an Essex LGPS Pension.

#### **Resolved:**

The Committee noted the report.

### **2. Appointment of Chairman**

It was noted that on 14 May 2019, Cllr Susan Barker was formally reappointed at the Annual Meeting of Essex County Council, Chairman of the Essex Pension Fund Strategy Board and the Essex Pension Fund Investment Steering Committee.

#### **Resolved:**

The Committee the update.

### **3. Appointment of Vice Chairman**

It was agreed that Cllr M Platt be reappointed as Deputy Chairman.

#### **Resolved:**

The Committee noted the update.

### **4. ISC Terms of Reference (TOR)**

The Director for Essex Pension Fund presented the current unchanged TOR for noting.

#### **Resolved:**

The Committee noted the report.

### **5. ISC Revised TOR**

The Director for Essex Pension Fund provided the Committee with a revised TOR and explained that it had been reviewed in consultation with the Fund's



Independent Governance & Administration Advisor (IGAA) and the Director of Legal & Assurance (Monitoring Officer) for ECC.

The Committee asked for clarification within clause 4b in relation to pooling. It was agreed the TOR at clause 4b be amended to include 'in relation to'.

**Resolved:**

The Committee agreed for the amendment to be made for onward transition to the PSB for formal agreement.

**6. Minutes**

Minutes of the meeting of the ISC held on 27 March 2019 were approved as a correct record and signed by the Chairman.

**7. Schedule of Meetings**

The Committee received a presentation from the Director for Essex Pension Fund detailing the planned Committee and Board meetings for the municipal year.

The Director for Essex Pension Fund also notified the Committee of the events/conferences that were on the horizon during 2019/20.

Investment Steering Committee

17 July 2019 – 1.00pm  
9 & 10 October 2019 – Baillie Gifford Conference (Edinburgh)  
27 November 2019 – 1.00pm  
19 February 2020 – 1.00pm  
25 March 2020 – 1.00pm

Pension Strategy Board

3 July 2019 – 1.00pm  
11 September 2019 – 1.00pm  
18 December 2019 – 1.00pm  
4 March 2020 – 1.00pm

**Resolved:**

The Committee noted the schedule of meetings for 2019/20.

**8. Baillie Gifford 3 Day Event October 2019**

The Committee received a report and presentation from the Director for Essex Pension Fund detailing the travel arrangements and itinerary for the event in Edinburgh.

**Resolved:**

The Committee noted the report and update.

**9. Capital Markets Outlook Q1 2019**

Hymans Robertson provided the Committee with a report and update in relation to GDP growth, global bond markets and interest/inflation rates.

**Resolved:**

The Committee noted the report and update.

**10. Urgent Part I Business**

No matters arising.

**Exclusion of the Public and Press**

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

**Resolved:**

The Chairman brought to the attention the above statement and the Committee agreed to proceed.

**11. PART TWO Minutes of ISC meeting 27 March 2019**

Part Two Minutes of the meeting of the ISC held on 27 March 2019 were approved as a correct record and signed by the Chairman.

**12. Investment Tables Quarter end 31 March 2019**

The Committee received a report from the Director for Essex Pension Fund in consultation with the Independent Investment Adviser, which provided details of the Fund's investment performance for the quarter ended 31 March 2019.

Since the decrease in the value of the Fund reported at the last meeting, the value has since increased to just over £7bn at end 31 March 2019. In addition, it was explained that this value had increased further to an all-time high of £7.2bn to date.

**Resolved:**

The Committee agreed that:

- officers in consultation with advisers undertake a review of the investment tables format, presentation and content to incorporate: the revised changes in strategic asset allocation; the migration of assets into the ACCESS Pool and appropriateness of benchmarks; and
- the report would be noted.

### **13. Strategy Implementation Tracker**

The Committee received a report and presentation on the progress made to date.

**Resolved:**

The Committee noted:

- the content of the report; and
- the progress made to date.

### **14. Structural Reform of the LGPS – Pooling Quarterly Update of ACCESS Joint Committee (AJC)**

The Committee received a report and presentation from the Director for Essex Pension Fund.

**Resolved:**

The Committee noted:

- Minister of Housing, Communities and Local Government (MHCLG) consultation on the draft investment pooling guidance and ACCESS response;
- launch of tranche 2 sub funds;
- progress to date of Phase 1 tranche 3 and Phase 2 sub-fund seeding arrangements;
- progress to date in respect of pooling ACCESS illiquid assets;
- progress and timeline for completing Phase 3 governance deliverables;
- progress of the permanent ACCESS Support Unit;
- successful appointment of the ACCESS Support Officer and Technical Lead Officers;
- engagement with S151 Officers;
- contract management update;
- the communication plan key ACCESS messages;
- 2018/19 budget forecast against business plan deliverables and approval of the 2019/20 budget and business plan for recommendation back to individual ACCESS authorities; and
- Agenda of 18 March 2019 AJC.

### **15. Investment Manager Update**

#### **15a. Traffic Light Report**

The Committee received a report and presentation from Hymans Robertson which summarised the current views of Hymans Robertson on some of the Fund's managers.

**Resolved:**

The Committee noted the report and update.

**15b. ISC Briefing Notes on Managers Presenting**

The Committee received a report from Hymans Robertson in relation to presenters Stewart Investors and M&G Investments.

**Resolved:**

The Committee noted the report.

**16. Investment Manager Presentation – Stewart Investors**

The Chairman welcomed and introduced Tom Prew and Jimmy Burns from Stewart Investors who provided the Committee with a presentation in relation to the Global Emerging Markets (GEM).

**Resolved:**

The Committee noted the presentation.

Tom Prew and Jimmy Burns then left the meeting.

**17. Investment Manager Presentation – M&G Investments**

The Chairman welcomed and introduced Mike Thomas and Richard Ryan from M&G Investments who provided the Committee with a presentation in relation to the Bonds.

**Resolved:**

The Committee noted the presentation.

Mike Thomas and Richard Ryan then left the meeting.

**18. Urgent Exempt Business**

No matters arising.

**19. Closing Remarks**

There being no further business the meeting closed at 3:35pm.

**Chairman**  
**17 July 2019**

<b>Essex Pension Fund Investment Steering Committee</b>	<b>ISC 03</b>
<b>Date: 17 July 2019</b>	

## **Investment Strategy Statement (ISS) Review: Responsible Investment**

Report by Hymans Robertson in consultation with the Independent Investment Adviser and the Director for Essex Pension Fund

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Enquiries to Kevin McDonald on 0333 0138 488

### **1. Purpose of the Report**

- 1.1 To set out the requirements and timeline to review the Fund's Investment Strategy Statement with a focus on agreeing an approach to the responsible investment aspects contained in the ISS.

### **2. Recommendation**

- 2.1 That the Committee **agree**:
  - the timeline for reviewing the ISS with a focus on agreeing an approach to the RI aspects contained in the ISS;
  - that a presentation from Local Authority Pension Fund Forum (LAPFF) on collaborative responsible investment take place at the ISC's November meeting; and
  - to note the content of the report.



# Investment Strategy Statement – a primer for discussing and agreeing an approach to responsible investment

## Purpose of this paper

The purpose of this paper is to brief the Investment Steering Committee (ISC) on the requirements to review the Fund's Investment Strategy Statement ('ISS'), with a focus on Responsible Investment. This paper should be read in conjunction with our separate paper 'Investment Strategy Statement Summary: Timeline and Decision Tree'.

In particular this paper focuses on the Responsible Investment ('RI') aspects of the ISS as this is an area of increased scrutiny and potentially an area of wide ranging debate.

***There are no decisions required by the ISC from this paper, it is intended solely a primer to prepare for the discussions in the upcoming ISC meetings.***

## Introduction & purpose of the ISS

The ISC Terms of Reference require the ISC to maintain an ISS that sets out their principles for governing the Fund's assets. The ISS is subject to periodic review at least every three years and the next review is scheduled for the February 2020 ISC meeting.

The principles covered by the ISS include:

1. The investment strategy and process for determining suitability
2. Risk measurement and management
3. Asset pooling
4. Approach to Environmental, Social and Governance (ESG) considerations

To an extent, areas 1 to 3 above are documentation of process and agreed best practice.

However, area 4 is far more subjective as, amongst others, it takes into account personal views around ethical practice. It is also a high-profile area where we have seen significant levels of media comment and action by environmental groups.

This paper therefore unpacks some of the areas around item 4 in preparation for subsequent discussions.

## Current ISS wording relating to RI

The current ISS statements in relation to RI are set out in the Appendix 1.

Points we would highlight in particular are:

- The fundamental responsibility of the Fund is to ensure that it has adequate monies available to pay pensions as they fall due in a cost-effective way;
- The ISC does not place restrictions on investment managers in choosing investments in quoted companies except in limiting the size of single investments;
- The ISC has determined that restricting investment may be of financial detriment to the Fund depending on price and outlook;

- The Fund has instructed its Fund Managers to vote in accordance with their in-house policies and practices;
- The Fund fully supports the UK Stewardship Code;
  - The Fund expects its investment managers to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process;
  - Instead of divesting, the ISC believes that they will have greater influence on the future direction of companies if they remain invested. Divestment reduces the Fund's ability to influence how big companies change in the future;
  - As part of this regular manager monitoring, the ISC will challenge their managers on how they consider and manage all financial risks faced by their investments, including those that arise from ESG considerations.

### Main concepts on Responsible Investment

RI is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and of the long-term health and stability of the market as a whole. RI can be seen as having two key dimensions:

- **Sustainable investment:** investors should recognise the potential financial impact of ESG factors in investment decision making; and
- **Stewardship and governance:** investors should act as responsible and active owners, through considered voting of shares, and engagement with company management when required.

### ESG factors

There are a number of potential ESG factors that could affect the value of an individual investment. The table below illustrates some of these issues:

Environmental	Social	Governance
Climate Change Resource Scarcity Water Availability Greenhouse Gas Emissions (GHG) Pollution Energy Efficiency	Stakeholder Relations Supply Chains Working Conditions Diversity Health & Safety Population Growth Weapons	Board Structure Accounting & Audit Executive Remuneration Bribery & Corruption Shareholder Rights Transparency

The ISC members have a fiduciary duty to act in the best interests of their members, as well as acting prudently, responsibly and honestly. Within the context of these duties, which include controlling risks, they must aim to achieve the best realistic risk adjusted return over the long term. Acting as a responsible investor is consistent with this aim.

### Ethical views

Non-financial matters have been described as the views of members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme.



Exclusions of companies from certain industries (i.e. weapons, tobacco, oil and gas) or involved in certain activities (i.e. modern slavery) can be considered.

### Stewardship

This relates to how the managers and/or ISC members engage with companies on matters such as performance, strategy, risks, social and environmental impact and corporate governance, as well as the exercise of any rights (such as voting rights) that come with particular investments.

One argument against constraining a portfolio is that the best way to influence companies and drive changes in society is to remain invested and use the power of voting and engaging to address issues.

### What others are doing

#### Private Sector

There are new regulations issued by the DWP in relation to trustees' Statement of Investment Principles ("SIP", which is the private sector equivalent of the ISS). The DWP require trustees to update their SIPs to reflect the new regulations by 1 October 2019. The amendments must include the following:

- How financially material considerations, over and appropriate time horizon, are taken into account (including, but not limited to, ESG factors, including climate change).
- Extent (if at all) to which non-financial matters are taken into account.
- Policies on stewardship of assets, including exercise of voting rights and undertaking engagement activities

### LGPS

The DCLG Guidance on preparing and maintaining an Investment Strategy Statement from June 2017 states that:

- The law is generally clear that schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors, and over the long term, dependent on the time horizon over which their liabilities arise;
- Although schemes should make the pursuit of a financial return their predominant concern, they may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision;
- The long-term investment interests of administering authorities are enhanced by the highest standards of corporate governance and corporate responsibility amongst the companies in which they invest. Poor governance can negatively impact shareholder value;
- Stewardship aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper.

Even though there is no comprehensive summary of what each LGPS Fund is doing, we can provide the following information:

- A number of LGPS funds have excluded direct investment specific holdings, such as tobacco;
- Some LGPS funds are using passive equity benchmarks that take ESG factors into account (such as the MSCI World Low Carbon Target Index and the FTSE All World ex Controversial Weapons Climate Balanced Factor Index);
- The UN Principles for Responsible Investment (UNPRI) is being utilised to determine managers approach to ESG factors.

**Areas for consideration**

- ISC views and whether likely to be shared by membership/employers.
- Current ISC policy
- Appointed managers approach to implementing current policy
- Engagement versus exclusion
- Impact on investment return/risk of policy

**Next steps**

A full review of the RI policy is required with the following steps:

- Training; training will be provided at the additional October 2019 ISC meeting;
- An investment beliefs session to confirm the ISC members' views on Responsible Investment to take place at the additional October 2019 ISC meeting;
- The LAPFF will provide a presentation on a collaborative approach to RI at the November ISC meeting.
- ISS approval and issue for consultation at the February 2020 ISC meeting;
- A review of managers' ESG and voting policies and how responsible investment is incorporated in their investment process to be presented at the March 2020 ISC meeting.

Prepared by:-

Matt Woodman, Senior Investment Consultant

Alessandra Santiago, Investment Consultant

For and on behalf of Hymans Robertson LLP

## Appendix 1 – RI considerations in the ISS

### Environmental, Social & Governance Considerations

#### **Fiduciary duty**

*The fundamental responsibility of the Fund is to ensure that it has adequate monies available to pay pensions as they fall due. This objective must be achieved in a cost effective way for members, employers and the taxpayer. Moreover, in reaching decisions, the Fund must comply with its fiduciary responsibilities.*

#### **Policy**

*The ISC does not place restrictions on investment managers in choosing investments in quoted companies except in limiting the size of single investments. The ISC expects investment managers to place their primary consideration on financial factors when selecting investments for inclusion in the portfolio, as an assessment of appropriate ESG capability is made before the manager is appointed.*

*However, the ISC will allow investment managers to consider non-financial factors in selecting investments providing that such decisions are not expected to:*

- 1 be financially detrimental to the Fund (either in terms of expected return or risk) or;*
- 2 represent significant opportunity cost if not held.*

*In general the ISC expects the selection of stocks based on a significant degree of non-financial reasons to be extremely rare and reserves the right to intervene on a case by case basis. Intervention is likely to be extremely rare as companies are aware of the increasing sensitivity of investors.*

*The ISC has determined that restricting investment may be of financial detriment to the Fund depending on price and outlook. Hence pursuing divestment goes against the Committee's fiduciary duty and responsibilities to maximise returns and manage costs for participating employers who ultimately bear the investment risk should a shortfall arise.*

#### **Exercise of voting rights**

*The Fund has instructed its Fund Managers to vote in accordance with their in house policies and practices.*

*The Fund fully supports the UK Stewardship Code and requires those of its investment managers who hold shares on its behalf to comply with it or to provide the ISC with an explanation of why it is not appropriate to do so, in the exercise of the mandate that they have been given, and how they will instead achieve and demonstrate the same level of responsible share ownership.*

*The Fund's equity investment managers are signatories to the UK Stewardship Code and have all gained a Tier 1 status (demonstrating a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary).*

#### **Engagement**

*The Fund expects its investment managers to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. This is insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such considerations forms part of the investment managers' normal fiduciary duty.*

*Instead of divesting, the ISC believes that they will have greater influence on the future direction of companies if they remain invested. Overall engagement activities are viewed by the Committee as a key element of the broader approach to responsible investment. Remaining invested provides the Fund with a voice on how companies are generating their revenues and how they will change in the future.*

*The Fund is a long term investor and therefore has an interest in the long term direction and success of the companies in which it invests. Divestment reduces the Fund's ability to influence how big companies change in the future.*

### **Ongoing Monitoring**

*The Committee actively monitors the Fund's investment managers' approaches. As part of this regular manager monitoring, the ISC will challenge their managers on how they consider and manage all financial risks faced by their investments, including those that arise from ESG considerations. The Committee also strives to improve and develop their knowledge and understanding on how ESG factors will impact the Fund's investments in the future.*

### **Stock Lending**

*The policy on stock lending (below) reflects the nature of the mandates awarded to investment managers by the ISC, which include both pooled and segregated mandates:*

#### **Segregated Investments**

*The Fund does not participate in stock lending schemes nor allow its stock to be lent.*

#### **Pooled Investments**

*In regard to the Fund's pooled investments, where the Fund is buying units in a pooled vehicle, stock lending is outside the control of the Fund and undertaken at the discretion of the pooled fund manager.*

## Investment Strategy Statement Summary: Timeline and Decision Tree

### Purpose of this paper

The purpose of this paper is to present to the Investment Steering Committee (ISC) the relevant actions for a comprehensive review of the Investment Strategy Statement (ISS) and in particular the Responsible Investment (RI) policy included within it. This includes a timeline and a decision tree that will support the decision-making process.

A review of the RI aspects of the ISS is required as part of the overall strategy implementation considerations. Furthermore, this review is timely given the increased coverage surrounding responsible investment recently. The below timeline and decision tree are intended to help structure the initial discussion on RI and illustrate the key topics that need to be addressed in order to form the RI policy included in the ISS.

***There are no decisions required by the ISC from this paper.***

### Introduction

An introduction of RI is provided in the paper “Investment Strategy Statement – a primer for discussing and agreeing an approach to responsible investment”. It includes the purpose of the ISS; how RI is embedded in it and the current wording on RI matters.

It briefly explains the main concepts on RI including ESG factors, ethical views and stewardship. It also shares what is happening in the private sector and LGPS environments.

### Timeline

In order to achieve a comprehensive review of the RI aspects of the ISS, the following timeline is proposed:

**July 2019 ISC meeting:** introduction to RI and setting out a timeline for the entire RI policy review process

**Additional October 2019 ISC meeting:** a comprehensive review of RI, including half a day focused on training and half a day focused on the ISC RI beliefs and policy

**November 2019 ISC meeting:** Presentation from LAPFF on collaborative RI approach

**February 2020 ISC meeting:** final agreement on ISS wording and issue for consultation

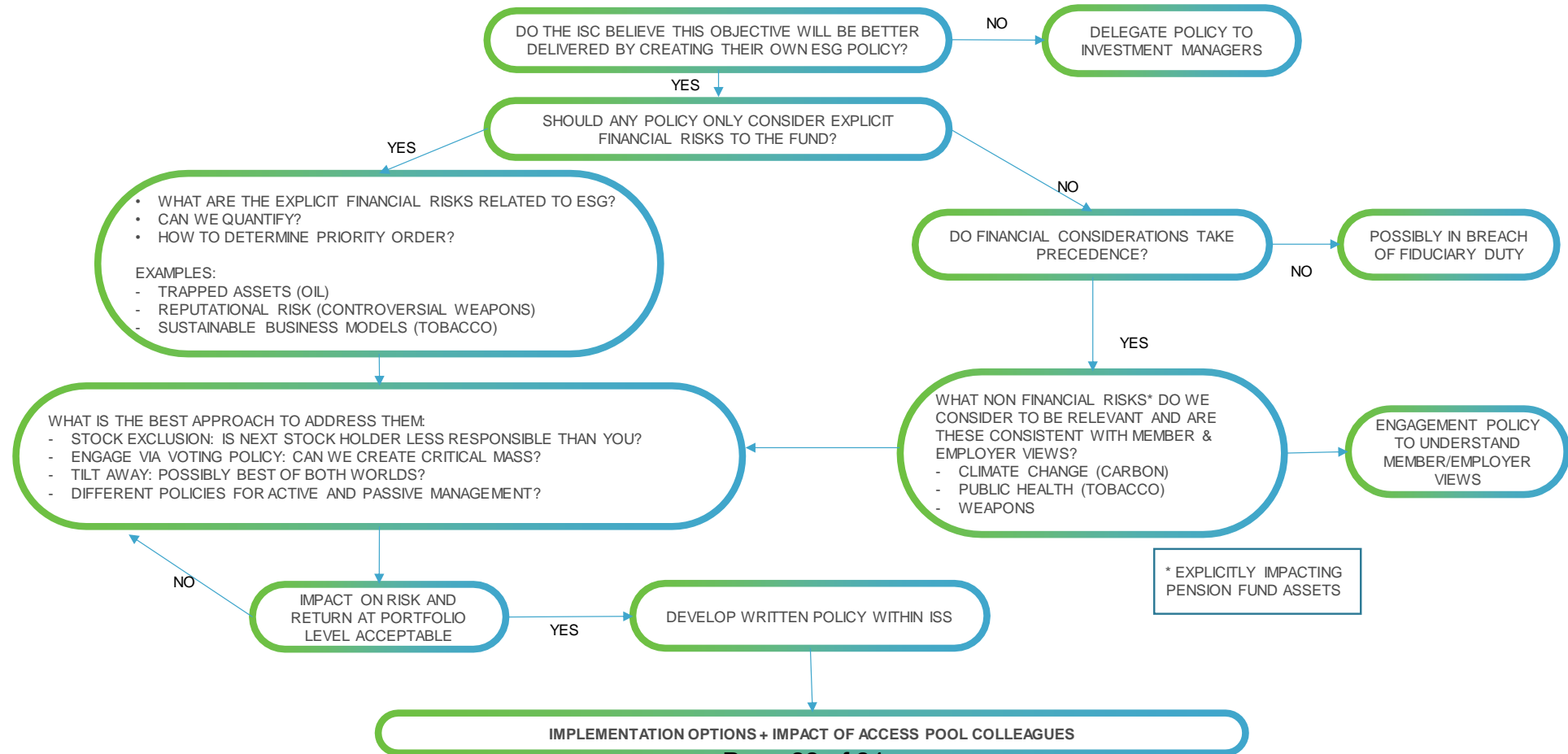
**March 2020 ISC meeting:** review of managers’ ESG and voting policies and how responsible investment is incorporated in their investment process to decide next steps.

## Decision Tree

A review of the RI policy is complex as it involves many different aspects: legislation, fiduciary duty, beliefs, members' views, among others. To simplify the process and structure the discussion, we have prepared the following decision-tree.

### PRIMARY OBJECTIVE:

**TO DELIVER A SMOOTHER, MORE SUSTAINABLE, INVESTMENT RETURN OVER THE LONG TERM CONSISTENT WITH FUNDING PLANS**



### Conclusion

The main objective of the July ISC meeting is to obtain agreement from the ISC on the timeline and overall process that will be used to review Essex's RI policy as part of the ISS update.

Prepared by:-

Matt Woodman, Senior Investment Consultant

Alessandra Santiago, Investment Consultant

For and on behalf of Hymans Robertson LLP

