


Essex Pension Fund Investment Steering Committee	ISC 05b 
Date: 23 February 2022	

Responsible Investment - Investment Engagement Strategy

Report by the Director for Essex Pension Fund in consultation with the Institutional Investment Consultant, Hymans Robertson, and the Independent Investment Adviser, Mark Stevens

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This Report requires a decision

Executive Summary

The Fund has developed an Investment Engagement Strategy. It has been drafted to reflect the Fund's Responsible Investment (RI) Policy and the process that Officer and Advisers (O&A) and ISC have adopted with the recent RI engagements with the Fund's Investment Managers.

In addition, the Strategy covers the Fund's Escalation Policy.

1. Purpose of the Report

- 1.1 To present the Fund's Investment Engagement Strategy for approval.

2. Recommendation

- 2.1 That the Committee **approve** the Essex Pension Fund Investment Engagement Strategy and note the content of the report.

3. Background

- 3.1 At the 16 June 2021 ISC meeting the Committee agreed a Responsible Investment Policy (RI) Project Plan including the workstreams, timings and steps required to be undertaken to achieve this year's Business Plan areas of activity in relation to RI and Stewardship.
- 3.2 Areas of activity includes:
 - 1. the development of the submission to become a signatory to the 2020 Financial Reporting Council (FRC) UK Stewardship Code;
 - 2. the commencement of the annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy; and
 - 3. the development of Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD)).
- 3.3 To aid the Fund with achieving areas of activity 1 & 2 stated above, the Fund has developed an Investment Engagement Strategy to formalise its approach to engagement. The Strategy is attached at Appendix A.
- 3.4 The Strategy has been drafted to reflect the Fund's RI Policy and the process that O&A and ISC have adopted with the recent engagements with the Fund's Investment Managers.
- 3.5 In addition, the Strategy includes the Fund's Escalation Policy which outlines the approach the Fund will adopt when meaningful engagement progress is not forthcoming or if the investment manager is not behaving in a matter that is in line with the Fund's RI Policy and/or in the best long-term interests of the Fund.

4. Recommendation

- 4.1 That the Essex Pension Fund Investment Engagement Strategy be approved.

5. Financial and Resource Implications

- 5.1 The cost of carrying out this Strategy going forward will be met within the Investment line of the Essex Pension Fund Budget.

6. Background Papers

6.1 The Fund's Responsible Investment (RI) Policy

[Responsible Investment Policy | Essex Pension Fund](#)

6.2 Responsible Investment (RI) Project Plan Update, ISC 04, 29 November 2021.

6.3 Responsible Investment (RI) Project Plan, ISC 07, 16 June 2021.

6.4 Essex Pension Fund (EPF) - Three Year Business Plan and 2021/22 Budget, PSB 04a, 17 March 2021.