

Report to: **Pension Board**

Date: **16 November 2017**

By: **Chief Finance Officer**

Title of report: **Environmental Social Governance (ESG) report (from 4 September Pension Committee)**

Purpose of report: **To provide the Board with the ESG report considered by the Pension Committee at its meeting on 4 September 2017.**

RECOMMENDATION – The Board is recommended to consider and comment on the ESG report.

1. Background

1.1 At the 4 September 2017 meeting of the Pensions Committee, the Committee agreed to commission a review of the pension fund's carbon investment strategy.

1.2 The report (attached as Appendix 1) was considered by the Committee, following a number of Environmental, Social and Governance (ESG) aspects that have been discussed over recent meetings. At the 4 September meeting, the committee agreed to commission a review of ESG and sustainability indices, which could potentially be utilised for the pension fund's passively managed equity portfolio. This review will be conducted by the fund's Investment Consultant (Hymans Robertson).

2. ESG Proposal

2.1 ESG risks have a potential financial impact on long-term investors and it is appropriate that the Committee determines how the East Sussex Pension Fund integrates ESG considerations into the investment decision making. The Committee has engaged positively on ESG matters to date and, following the dedicated ESG training day and Annual Strategy day, has considered taking forward various actions detailed within the attached report.

3. Conclusion and recommendation

3.1 The Board is recommended to consider and comment on the ESG report and the agreed actions.

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Background Documents
None