

ETHICAL INVESTMENT POLICY

The scope of investments covered by the ethical investment policy can be treasury investments or capital programme expenditure.

Statement of Principles

The Council will avoid direct investment or borrowing activities with organisations whose core activities include:

- Fossil Fuel extraction and combustion
- Armaments – weapon systems
- Gambling
- Pornography
- Tobacco
- Pay-day loans

The Council will seek to directly invest in organisations or financial products whose core focus includes:

- Renewable energy
- Green investment products (for example Standard Chartered ESG Sustainable fixed deposits – the Council has been using this product over a number of years)
- Social housing

Impact Investments

The Council will seek to be innovative and take proportionate risk-based decisions to invest in local organisations, for example by considering online platforms such as Folk2Folk or investments through Triodos Bank. Any such investment types will be approved for use in the annual Investment Strategy.

Short Term Investments

Link's Creditworthiness system based on the principles of security, liquidity and yield is a key determining factor in the decision-making process as to whether or not the Council invests with a particular financial institution, and for determining the maximum time period. ESG is incorporated into the decision making process through making ESG the fourth factor to be considered after security, liquidity and yield. For example, if for a potential investment two counterparties are offering the same security and the same yield then the investment chosen will be the counterparty with the better ESG rating.

In future, the Council will seek to work with others to lobby for a Creditworthiness system that incorporates analysis of ESG factors into the scoring system. The Council has contracted with Camdor Global Advisers who in collaboration with CIPFA have developed an ESG rating system. They provide quarterly analysis of the Council's direct investment portfolio, which enables ESG to be a factor in the investment decision-making process. Quarterly ESG monitoring reports are circulated to Audit and Standards Committee members.

In order to comply with treasury management professional guidance, the Council's investments must prioritise security, liquidity and yield in that order. This Ethical Investment Policy is a fourth consideration in the decision making process.

Property and Multi-Asset Fund Investments

Property Fund or Multi-Asset Fund investment selection processes will involve pre-screening to exclude funds with holdings in categories listed above such as fossil fuels and armaments. This process was followed for the Council's £10m Multi-Asset and Property Fund investments in 2019. There will also be ongoing monitoring and reporting of ESG fund performance.

Pension Fund Investments

As at 31/03/2023 the Council's pension fund had investments of £120m. The Council's fund is part of the £3.1bn Gloucestershire Pension Fund, which makes up part of the £35bn Brunel Pension Partnership. The council will keep under review the [Gloucestershire Pension Fund Investment Strategy Statement](#) and The Brunel Partnership investment policies and performance. The Council

will take up any training or feedback and aim to take an active rather than passive role in ESG investments of the fund.

Reporting

Performance reporting in relation to the ethical investment policy will be part of the annual outturn report and quarterly reports.

Ethical Investment Policy Review

The Ethical Policy will be subject to annual review.