

## **ETHICAL INVESTMENT POLICY**

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 Barclays 95-day notice green account £7.8m, Standard Chartered ESG fixed deposits £5m – the Council has been using these products 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 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. The Council will seek to work with others to lobby for a Creditworthiness system that incorporates analysis of ESG (Environmental, Social and Governance) factors into the scoring system.

In the interim, the Council proposes to contract with Camdor Global Advisers who in collaboration with CIPFA have developed an ESG rating system. They will provide quarterly analysis of the Council's direct investment portfolio, which will enable ESG to be a factor in the investment decision-making process. Review and analysis will be incorporated into quarterly Treasury Management monitoring reports to Audit and Standards Committee.

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 the above categories such as fossil fuels. 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 31/03/2021 the Council's fund had pension fund investments of £115m. The Council's fund is part of the £2bn Gloucestershire Pension Fund, which makes up part of the £35bn Brunel Pension Partnership. The council will keep under review the County Council 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, as well as incorporation into the Annual Strategy document.

## **Ethical Investment Policy Review**

The Ethical Policy will be subject to annual review.