

## **Pension Fund Committee**

Meeting to be held on 22 March 2013

Electoral Division affected: All
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### **Fiduciary duties and ethical investment**

(Appendix 'A' refers)

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#### **Executive Summary**

At the request of the Pension Fund Committee, this report sets out the position regarding the Fund's fiduciary duties with regard to ethical investment considerations.

#### **Recommendation**

The Committee is asked to note the report.

#### **Background and Advice**

The previous meeting of the Pension Fund Committee on 30 November 2012 requested that a report setting out the Fund's fiduciary duties with regard to ethical investment considerations be brought to a future meeting.

In particular, Members of the Committee had previously noted that the Australian superannuation fund, First State Super, had announced a decision to divest from tobacco investments. In doing so, Members were reminded of the overriding duty on the Fund to 'maximise returns for its beneficiaries'.

The imminent transfer of public health responsibilities to the County Council from April 2013 has also raised the profile of such investments by the Pension Fund.

Appendix A sets out the meaning of fiduciary duties pertaining to the Fund, relevant case law, relevant research, and regulatory duties. With specific regard to investments in tobacco related interests, and in light of the impending transfer of public health responsibilities to the County Council from April 2013, the report explains how these two seemingly conflicting positions may be reconciled through the maintenance of appropriate separation of duty in carrying out these particular responsibilities.

#### **Consultations**

N/A

**Implications:**

N/A

**Risk management**

N/A

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Freshfields Bruckhaus Deringer/ UNEP FI Asset Management Working Group, <u>A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment</u> (2005) UNEP FI: Geneva. – commonly referred to as "Freshfields".	2005	Andrew Fox/ County Treasurer's Directorate x35916
<b>The Occupational Pension Schemes (Investment) Regulations 2005</b> (SI 2005/3378)	2005	Andrew Fox/ County Treasurer's Directorate x35916
<b>The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009</b> (SI 2009/3093)	2009	Andrew Fox/ County Treasurer's Directorate x35916

Reason for inclusion in Part II, if appropriate

N/A