

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Responsible Investment Policy	
REPORT OF: Executive Director Corporate Services Interim	
FOR SUBMISSION TO: Pension Committee	DATE: 18 March 2026
SUMMARY OF REPORT: This report presents the Final Draft Responsible Investment (RI) Policy for the Camden Pension Fund set out in Appendix 1.	
<p>Local Government Act 1972 – Access to Information</p> <p>No documents required to be listed were used in the preparation of this report.</p> <p>Contact Officer: Saul Omuco Head of Finance Treasury & Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG</p> <p>Telephone 0207 974 7116</p> <p>Email saul.omuco@camden.gov.uk</p>	
RECOMMENDATIONS: The Committee is asked to: <ol style="list-style-type: none"> 1. Approve the Responsible Investment Policy attached at Appendix 1a. 2. Note that the Policy will be subject to formal consultation, expected to be as part of completing consultation on the new Investment Strategy Statement (“ISS”) (Appendix 1b). 3. Agree that, pending a further decision on the Policy following consultation, the stewardship and engagement approach set out in the Policy shall be treated as an additional explanation of how section 7 of the existing ISS is intended to be applied, and that it be supplied to London Collective Investment Vehicle (CIV), the Fund’s investment advisers and relevant Council officers accordingly. 4. Delegate authority to the Director of Finance, following consultation with the Chair of the Pensions Committee, to take all necessary steps to implement the above including finalising the policy following consultation. 	
<p>Signed by</p> <p>Director of Finance: Agreed</p> <p>Date: 6 March 2026</p>	

1. INTRODUCTION

- 1.1 In March 2025, the Committee agreed to strengthen the Fund's Responsible Investment framework, including:
- Commissioning analysis of potential exposure to companies linked to conflict-affected and high-risk areas,
 - Developing a structured Conflict Zone Exposure Policy and
 - Integrating this into the Fund's broader Responsible Investment framework.
- 1.2 Officers undertook a market engagement exercise and determined that a technology-driven screening approach would provide a proportionate and dynamically updateable evidence base. The Fund subsequently subscribed to the RepRisk environmental, social and governance (ESG) monitoring platform.
- 1.3 The analytical outputs informed the drafting of a structured Conflict Zone Exposure Policy. The Fund's investment consultant, Isio, was engaged to support policy development and ensure alignment with fiduciary obligations and pooled investment structures.
- 1.4 The Responsible Investment Policy has now been subject to legal review and the view is that the proposed framework is legally permissible, subject to appropriate consultation prior to formal adoption as part of the Investment Strategy Statement.

2. POLICY POSITION

- 2.1 The Responsible Investment Policy:
- Affirms the primacy of fiduciary duty and financial materiality,
 - Confirms stewardship as the primary mechanism for addressing ESG concerns,
 - Provides defined parameters for exclusions, including controversial weapons and selected sin sectors,
 - Establishes a structured, tiered framework for identifying and assessing conflict-related risk and
 - Recognises the constraints and governance framework of pooled investment through London CIV.
- 2.2 The Policy does not introduce immediate changes to asset allocation. It formalises governance, monitoring and escalation processes within existing investment structures.

3. CONSULTATION

- 3.1 The Fund's Investment Strategy Statement ("ISS") has to be subject to formal consultation under the existing law, and it is likely that the same will be true after the current Pension Schemes Bill becomes law and comes into force (see the legal comments below). The Responsible Investment Policy will be part of the ISS and therefore also needs to be the subject of consultation.
- 3.2 The Pension Committee considered a new draft ISS at its December meeting. At that meeting the committee delegated authority to the Director of Finance (S151 Officer), after consultation with the Chair of the Pension Committee to take all steps to finalise the draft Investment Strategy Statement after having considered the results of the consultation (including making any amendments required to the Strategy as a result of the consultation). At that stage the draft ISS did not include any local investment target

(which is not currently required but is likely to be required under the new legislation). The form of such a target has now been discussed between the Director of Finance and the Fund's advisors.

- 3.3 The draft ISS as considered in December has already been submitted for consultation purposes to the Employers Forum, which had no significant comments upon it. It is now necessary to complete the consultation process by consulting both upon the addition to the draft ISS containing the proposed local investment target, and upon the proposed Responsible Investment Policy.
- 3.4 A delegation to the Director of Finance is requested, in consultation with the Chair of the Pensions Committee, to take all necessary steps to implement the above including all steps related to the required consultation and taking into account any requirements of the new regulatory framework and to finalise the policy following consultation.
- 3.5 Pending further consideration following consultation, it is recommended that the stewardship and engagement elements of the Policy should operate as additional explanatory guidance on the intended application of section 7 of the current ISS.

4. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

- 4.1 The RepRisk subscription cost £17,000 (including setup). Future updates of the analysis can be undertaken within existing budgets and officer capacity.
- 4.2 Other finance comments of the Director of Finance are contained within the report.

5. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

- 5.1 The administering authority is required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 to formulate an investment strategy (usually known as the investment strategy statement or "ISS") which deals with various specified matters. These include, as set out in regulation 7(2)(e), "the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments." The pension fund must be invested in accordance with the ISS. The ISS must be formulated after taking "proper advice", and it must be in accordance with guidance issued from time to time by the Secretary of State. The proposed contents of an ISS must be the subject of consultation with such persons as the authority considers appropriate.
- 5.2 The Pension Schemes Bill has recently completed its Grand Committee stage in the House of Lords, and the Report stage is scheduled to take place on 16, 19 and 23 March. The Government has consulted formally on draft regulations, and informally on draft guidance. The stated intention is for the new legal requirements to take effect on 1 April 2026. The draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 ("the Draft Regulations") are expected to replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Draft Regulations maintain the requirement for the administering authority to formulate an ISS, which has to deal with a number of matters, including what draft regulation 11(1)(d) expresses as:

"...the authority's priorities and preferences regarding responsible investment, including how social, environmental and corporate governance considerations are to be taken into account in the selection, non-selection, retention and realisation of investments."
- 5.3 The Draft Regulations currently require an ISS to be published under the new regime by 30 September 2026, unless an ISS which complies with that regime has already been formulated on a date on or after 1 October 2025.

- 5.4 Under Regulation 12 (4) of the Draft Regulations, before publishing an investment strategy statement, an authority must consult
- a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations(a),
 - b) the relevant strategic authority,
 - c) any person specified in guidance issued by the Secretary of State from time to time, and
 - d) any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy.

Regulation 12 (4) may be satisfied

- e) in relation to any Scheme employer or member of the Scheme, by consultation with a representative for that employer or member.
- f) by consultation before, as well as after, the coming into force of these Regulations.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The Responsible Investment Policy strengthens the Fund's approach to managing environmental, social and governance (ESG) risks, including climate-related risks. The policy does not introduce any immediate changes to asset allocation but supports improved oversight of environmental exposures through enhanced stewardship, clearer expectations of investment managers, and increased transparency. The Policy remains fully aligned with fiduciary duty and the Council's obligations under the LGPS Regulations.
- 6.2 There are no direct environmental impacts arising from the approval of this report.

7. APPENDICES

Appendix 1a – Draft Responsible Investment Policy

Appendix 1b - Investment Strategy Statement