

STRATEGIC IMPLICATIONS:

Not applicable

SUSTAINABILITY IMPLICATIONS:

The Policy provides for the City's investment decisions to give a preference to institutions with a demonstrated social and environmental responsibility rating. The amendment extends this to provide a funding stream for environmental outcomes where investment delivers additional income from a fossil fuel lending institution.

FINANCIAL/BUDGET IMPLICATIONS:

The operational changes implemented to the credit rating table should deliver an improvement to the overall level of investment income achieved by the City.

The additional income generated from investments with fossil fuel lending institutions will be calculated on an annual basis, with any social and environmental initiatives, such as carbon abatement projects listed for consideration in the annual budget process.

COMMENTS:

Given Council's policy position on giving preference to institutions with a higher rating of demonstrated social and environmental responsibility, consideration has been given to what should occur in cases where a fossil fuel lending bank is delivering a better return.

In this instance, whilst additional revenue will be achieved, it is considered that the additional income could be applied to other socially and environmentally aligned projects, such as carbon abatement projects.

It is therefore proposed that the following minor amendment be made to section 8 of the Policy: Social and Environmental Responsibility Profile of Institutions **in order to clarify the assessment process and define a purpose for the additional income:**

8. ~~Social and Environmental Responsibility~~ **Divestment Profile of Institutions**

When exercising the power of investment, preference is to be given to investments with institutions that ~~have been assessed to have no current record of funding fossil fuels~~, providing that doing so will secure a rate of return that is at least equal to alternatives offered by other institutions.

Where an investment is made with an institution that ~~has been assessed to have no a current record of funding fossil fuels~~, due to providing a higher rate of return, the additional return generated will be invested back into carbon abatement initiatives within the City of Vincent.

A marked up version of the Investment Policy 1.2.4 is included as **Attachment 1**.