

THE HIGHLAND COUNCIL

Minutes of Meeting of the **Investment Sub Committee** held remotely on Friday, 11 March 2022 at 2.00 p.m.

PRESENT

Mr R Bremner

Mr R Gale

Mrs H Carmichael

Mr D Louden

Non-Members also present:

Mr B Lobban

Officials in attendance:-

Ms K Lackie, Executive Chief Officer, Performance & Governance

Mr E Foster, Head of Corporate Finance and Commercialism, Resources & Finance Service

Mrs M Grigor, Finance Manager (Corporate Budgeting, Treasury and Taxation), Resources & Finance Service

Ms C Stachan, Principal Accountant, Resources & Finance Service

Mr D Haas, Inverness City Area Manager

Miss J MacLennan, Principal Administrator, Performance & Governance Service

Also in attendance :-

Mr K Ettles, AON, Investment Principal and Actuary

Mr A Martin, AON, Senior Investment Consultant

Mr R Fea, Pension Board observer.

Mr J Gibson, Pension Board observer

Mr R Gale in the Chair

1. Apologies for Absence

Apologies for absence were intimated on behalf of Mr A MacLeod (Comhairle nan Eilean Siar) Mr E Macniven (Representative Trade Unions) and Mr P Sagers.

2. Declarations of Interest

There were no declarations of interest.

3. Exclusion of the Public

The Sub-Committee **RESOLVED** that, under Section 50A(4) of the Local Government (Scotland) Act 1973, the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 6 of Part I of Schedule 7A of the Act.

4. Russia-Ukraine Exposure – Highland Council Pension Fund

At its last meeting the Sub Committee had agreed to recommend that Baillie Gifford disinvest in all Russian holdings on behalf of the Highland Council Pension Fund as soon as feasibly possible and that a full review of all other Russian Holdings take place. This was as a result of the Russian invasion of Ukraine. In this regard, there had been circulated to Members only Report No.

INV/7/22 by Aon providing confirmation of the current exposure to Russian investments, their view on future potential investments in Russia, whether divestment from Russian investments would be possible and the impact on the investments in the event of sanctions. The report also explained the distinction between pooled investment and segregated investment approaches and the Fund's direct exposure to Russian securities via its various investment managers and funds.

The Chair explained that, having sought advice, the previous decision of the Sub Committee had not been competent, hence the Motion to the Full Council the day before and today's meeting to determine a way forward.

During discussion, various points were raised by Members including the value of the investments when originally made compared to now, who was likely to purchase such investments, if Fund Managers had pre-empted the invasion and the importance of keeping the Comhairle nan Eilean Siar informed of the Sub Committee's position.

Following consideration, the Sub Committee **AGREED**:-

- i. that the value of the original Russian investment be established, together with their highest value level, and their value now; and
- ii. that Comhairle nan Eilean Siar be kept informed of the Motion moved at the Highland Council on 10 March 2022 and the decision of the Investment Sub Committee.

The Sub Committee also **AGREED** the following statement:-

"The Highland Council Pension Fund's Investment Sub Committee call upon all Fund Managers holding segregated mandates with Russian Stock to divest in Russian investments as soon as feasibly possible.

In addition, we call upon all other fund managers who manage our pooled investments in Russia to seek all means possible to similarly divest in Russian investments and we request them to consult with their other clients to seek their agreement to divest in Russian stock as soon as possible.

For the avoidance of doubt this request is in response to the Russian military aggression towards the sovereign nation of Ukraine and we register our full support for the people of Ukraine".

The meeting ended at 3.35 p.m.