

## **Preamble**

As a major provider of services and infrastructure Council procures and contracts a significant number of goods and services on an annual basis. Yarra has a long and proud history of being leaders in delivering social, economic, environment and cultural outcomes for our Community. In adopting this ethical investment and procurement commitment Council will put in place a mechanism to ensure that companies that provide goods and services to or on behalf of Yarra City Council, along with any future investments will, as a minimum not have a significant negative impact on the community and wherever possible have a net positive impact on the social, economic and environmental future of the City.

Positively, this will drive Council to, where possible, invest its financial resources in areas which promote human welfare, dignity and respect, and the best interests of the Yarra community.

Negatively, this perspective will proscribe the avoidance of investment in and procurement from enterprises whose products or practices cause or perpetuate injustice and suffering, infringe fundamental human rights or cause unacceptable damage to the natural environment.

This commitment will act as an overarching statement and approach for Council's key decisions as it relates to procurement and investment, including but not limited to major tenders, cash and share investments and be embedded into Council's Investment Policy and Council's Procurement Policy and practices.

## **Investment and Procurement Process**

The investment and procurement process will ensure that all investment and procurement decisions are made having regard to the values expressed in the preamble, the Council plan and relevant policy positions and to Council's requirement to exercise effective financial stewardship. Effective financial stewardship can be achieved by the evaluation of negative and positive screens together with a focus on appropriate economic returns, investment risks and sustainability. Council will, where appropriate, undertake a process of engagement with companies involved in unacceptable activities to attempt to drive improved practices. Council will participate as socially responsible investors and procurers by membership of relevant industry bodies and the utilisation of industry standards to support decision making.

## **Positive screen**

Council seeks to invest in and procure from companies which promote human welfare, dignity and respect, and the general benefit to the community. Examples include companies produce goods or services which enhance the health and welfare of individuals and communities, and companies which produce goods or services which preserve the environment

### **Negative screen**

Council will, wherever possible avoid investing in companies whose products, services or practices cause or perpetuate injustice and suffering, infringe human rights, specifically slave or child labour or cause unacceptable damage to the natural environment. Industries included are:

- Armaments
- Uranium
- Gambling
- Thermal coal
- Offshore and onshore immigration processing
- Unconventional oil and gas production
- Tobacco manufacturing
- Pornography

Companies are also excluded where their practices are unacceptable in areas such as human rights, occupational health and safety, environmental management and wherever companies support oppressive regimes.

Council recognises that there will be occasions when companies inadvertently breach some of the principles and where genuine efforts are made to rectify the breaches. Council will not prohibit investment in a company where a breach of the principles, in relation to its products or services, is immaterial; the breach may also be balanced by other positive actions. The materiality of the breach is determined by reference to its proportion of the company's activities, the proportion of the industry in which the excluded activity operates, and/or whether the activity is clearly of an egregious nature regardless of this proportion.

Council acknowledges that decisions may be complex involving a balance between positive and negative factors and may require expert assistance to make this determination.

### **Neutral**

Some investments and procurement will be from companies which are considered to be neutral in terms of the positive and negative screens. Such investment and procurement will be made on the basis of investment and procurement criteria contained within the assessment processes. This will assist Council to exercise effective financial stewardship and provide a reliable source of income and capital growth to support our growing community with a diverse range of needs. The effective use of resources is, in itself, an ethical outcome.