

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
15 June 2023

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

1. The purpose of this report is to update members on responsible investment issues.

Key Considerations for Committee

Progress against recent decisions and the actions in the Responsible Investment Plan 2023/24

2. The road map from the Responsible Investment Plan 2023/24 is shown on the following page. Progress against actions for Q2 2023 is as follows:

Responsible Investment Road Map

Q2 2023 -

Investments and strategy: Finalise the statement around divestment, begin work to implement the renewable infra and climate solutions allocation.

Reporting and disclosure: Publish the Stewardship report and mini-magazine, and the affordable housing impact report.

Training and engagement: Research and write up case study on cement holdings.

Q3 2023 -

Investments and strategy: Set net zero targets related to climate solutions, transition alignment and stewardship, and property and infrastructure. Review and update the Responsible Investment Policy.

Reporting and disclosure: Publish an expanded Climate Report (including TCFD reporting), including information on our own operational emissions, and fossil fuel holdings.

Training and engagement: Conduct an engagement activity with the scheme membership, focussing on those in a younger age bracket, to promote pension saving and knowledge of how the Fund is invested.

Q4 2023 -

Investments and strategy: Progress the approach to net zero with the Fund's listed infrastructure manager.

Training and engagement: Investigate carbon offsets (as both an investment opportunity and as something used by our holdings), progress the water engagement via Brunel.

Q1 2024 -

Investments and strategy: Report on progress and developments against the theme of biodiversity.

Reporting and disclosure: Launch a holdings transparency tool via the Fund's website.

Training and engagement: Use established industry tools to investigate the theme of health in our portfolios.

3. Investments and strategy:

- The Fund's statement on divestment from fossil fuels has been finalised and will be incorporated into the new Responsible Investment Policy to be published in Q3 2023.
- Progress has been made on a specific allocation to renewable infrastructure and climate solutions of 7%. Implementation options are currently being explored with Mercer and considered via the Brunel Investment Sub Group (ISG).
- Mercer are also reviewing the affordable housing fund market and will be advising on the remaining £30m to allocate against the allocation of 5%.

4. Reporting and disclosure:

- The [Stewardship Report 2023](#) was submitted to the Financial Reporting Council (FRC) on 9 May 2023. This will be reviewed to secure renewed signatory status against the 2020 Code. A mini magazine highlights report will be published in due course.
- The [Affordable Housing Impact Report 2023](#) was published on 25 April 2023. This report, the first of its kind, is aimed at providing stakeholders with impact measures for this allocation. The metrics included in the report demonstrate that the portfolio is delivering against its social impact objectives. Financial performance is considered elsewhere.
- Further reporting developments for 2023 include a much enhanced [Voting review for 2022](#) and more interactive content on voting records, analysis and case studies. Voting records will be reviewed quarterly and issues of interest reported back on the webpage. The voting summary for Q1 2023 is provided as an appendix.

5. Training and engagement:

- Officers have continued to consider options for holdings transparency for stakeholders. Brunel have been able to build on reporting capability, via the new platform provided by Opus Nebula, to provide 'look through' reports on underlying equities in both active and passive pooled funds. Further development work will be required to incorporate legacy manager holdings.
- The private markets team at Brunel have been made aware of plans to include a new target for property which sets the aim of "all underlying property funds of the target portfolio to have set a target of net zero by 2050 or earlier, by 2030."
- A short research report is currently being drafted on the topic of Cement. This considers carbon emissions, holding and Climate 100+ analysis and case studies/examples of where these have been reduced/eliminated. The outcome of this will be published online and circulated to members at that point.
- An initial planning meeting to conduct engagement activity targeted at younger members of the scheme is planned, a further update will be provided at the next committee meeting.

Environmental Impacts of the Proposals

6. This report includes information on actions and policies which directly deal with addressing climate change risk.

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications at this time.

Proposals

8. The Committee is asked to

- use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
- note the progress made against the Responsible Investment Plan 2023/24 actions and discuss whether any additional actions are needed at the current time.

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Unpublished documents relied upon in the production of this report: NONE

Appendix 1 – Voting summary Q1 2023