

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
1ST November 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 the year is as follows:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23	Complete	Complete – approved by Committee and included in the RI Policy 2023
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23	In progress	In progress
Publish the stewardship report and mini-magazine	Q2 23	Complete	Complete - Summary - Wiltshire Pension Fund
Publish the affordable housing impact report	Q2 23	Complete	Complete - Affordable Housing Impact Report 2023 - Wiltshire Pension Fund
Research and publish the cement case study	Q2 23	Complete	Complete – included in the Climate Report and online shortly
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23	Complete	Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23	Complete	Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23	Complete	Complete – elsewhere on this agenda
Publish an expanded Climate Report (including TCFD reporting)	Q3 23	Complete	Complete – elsewhere on this agenda
Conduct an engagement activity with the scheme's younger members	Q3 23	In progress	In progress
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23	Work started	Work started
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23	Not started	Not started
Progress the water engagement via Brunel	Q4 23	Not started	Not started
Report on progress and developments against the theme of biodiversity	Q1 24	First stage done	First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24	Not started	Not started
Use established industry tools to investigate the theme of health in our portfolios	Q1 24	Not started	Not started

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. **More detail on selected actions (and other issues) is provided below:**

- 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 with a group of Brunel clients (outside the pool). £100m has been committed to a renewable infrastructure portfolio managed by Schroders Greencoat - Wessex Gardens, along with other Brunel client funds outside of the pool. This received considerable press coverage: [Wiltshire teams up with five other Brunel funds to back renewables in the South West \(room151.co.uk\)](#)
- Mercer are also reviewing the affordable housing fund market and will be advising on the remaining £30m to allocate against the allocation of 5%, with work having begun in September 2023.
- The [Stewardship Report 2023](#) was submitted to the Financial Reporting Council (FRC) on 9 May 2023. The fund has received continued confirmation of its signatory status.
- 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.

4. **Responsible Investment Policy**

- The Committee recently approved the updated responsible investment policy. A Responsible Investment Policy is not a statutory document, and historically this information has been contained within the Fund's Investment Strategy Statement (ISS). However, it is becoming increasingly standard for Funds to present the relevant information into a separate document, which is to be considered as an integral part of the ISS, in order to improve transparency. The Committee first approved a Responsible Investment Policy in September 2021. The Responsible Investment Policy states that it will be reviewed annually, and this is the second such review. An annual review is necessary as this area is continuously undergoing a lot of change and development.

Highlights of changes from the Responsible Investment Policy 2022

5. The following updates and additions have been made to the 2022 policy:

- Update to the donut chart to reflect the new Strategic Asset Allocation.
- Minor addition to refer to the Fund's membership of Pensions for Purpose.
- Addition of two new climate commitments, around property and engagement.
- New section containing the statement and supporting information on divestment which was agreed by the Committee in March 2023.
- New section on biodiversity.
- New section on equality, diversity and inclusion, which was reviewed by the Local Pension Board in their August 2023 meeting, and which they have recommended for inclusion.
- Addition of Pensions for Purpose to the list of wider initiatives.
- Table updated to include new publications on affordable housing and stewardship

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 Board is asked to

- use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;

Report Author: Chris Moore (Accounting and Investment Team Lead)

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

Appendix 1 – Responsible Investment Policy