

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 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 actions for the year is as follows:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23		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 – more detail elsewhere on this agenda
Publish the stewardship report and mini-magazine	Q2 23		Complete - Summary - Wiltshire Pension Fund
Publish the affordable housing impact report	Q2 23		Complete - Affordable Housing Impact Report 2023 - Wiltshire Pension Fund
Research and publish the cement case study	Q2 23		Complete – included in the Climate Report
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23		Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23		Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23		Complete - Exciting news - Our 2023 Responsible Investment Policy has been published! - Wiltshire Pension Fund
Publish an expanded Climate Report (including TCFD reporting)	Q3 23		Complete - Wiltshire Pension Fund presents our Climate Report 2023: Advancing Towards Net Zero - Wiltshire Pension Fund
Conduct an engagement activity with the scheme's younger members	Q3 23		Complete (and now working on follow-on actions)
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23		Complete
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23		Not started
Progress the water engagement via Brunel	Q4 23		In progress
Report on progress and developments against the theme of biodiversity	Q1 24		First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24		In progress
Use established industry tools to investigate the theme of health in our portfolios	Q1 24		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 any other issues) is provided below:

- Significant progress has been made towards implementing the specific allocation to renewable infrastructure and climate solutions of 7%, via the Climate Opportunities (Clops) portfolio. This is covered in more detail elsewhere on this agenda.
- Progress has also been made towards allocating the remaining £30m to the affordable housing portfolio.
- Officers are currently analysing the Q3 2023 voting information – due to the timings of this being made available, it has not been possible to include the voting highlights summary in the papers, but it will be circulated to members once it is complete.
- The survey of younger members has now been completed, and the results will be published online shortly. As expected, the response rate was fairly low, but the act of carrying out the survey was a good piece of engagement in itself, by helping to increase the awareness of younger members regarding pensions. There are a number of follow-on actions from the survey:
 - i. We were interested to learn that the younger members thought climate was an important issue, but they thought that equality, diversity and inclusion was even more important, as well as other social issues. We will therefore ensure they are informed of any case studies or engagements we do in this area.
 - ii. All respondents felt that it was important for younger people to take an interest in their pension (possibly a self-selecting response).
 - iii. There was a lot of confusion around pensions, with several people expressing that it was unclear to them what the benefits were, or the practicalities around joining the scheme. We will therefore be making a short “Pensions 101” video to share with all new joiners to the scheme and will also circulate this to employers so they can use it as part of their induction materials. The timings for this will be in the next few months.
- A training session on Equality, Diversity and Inclusion for Committee and Local Pension Board members was held on 14 November 2023.
- The publication of our Climate Report on 30 October 2023 has generated quite an amount of press interest. In the same week, an article was published in the Wiltshire Times criticising the Fund for holding fossil fuel investments. Officers provided the Committee-approved divestment statement as a comment to explain our position. It was helpful to also have the Climate Report so recently published, which demonstrates that the Fund is taking its responsibilities seriously and that action is being taken. A summary of the recent articles is as follows:
 - i. **Net Zero Investor:** [Wiltshire Pension Fund at odds with Brunel over fossil fuel investments - Net Zero Investor](#)
 - ii. **Responsible Investor:** [Wiltshire Pension Fund in investment horizon dispute over oil sands divestment \(responsible-investor.com\)](#)
 - iii. **IPE:** [Wiltshire pension fund to stay ‘agile’ on decarbonisation target-setting | News | IPE](#)
 - iv. **Wiltshire Times:** [More than £30 million of Wiltshire’s pensions fund fossil fuels | Wiltshire Times](#)

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

5. There are no known implications at this time.

Proposals

6. 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