

Question to Wiltshire Council Pensions Committee:

Our Government has stated its intent to follow the agreement reached at the Paris Climate Summit (COP21) December 2015 to limit the rise in global temperatures to less than 2 degrees C. Six months later, what specific steps has our Wiltshire Council Pensions Scheme considered or committed itself to taking in ensuring that it is complying with our Government's intent?

Sigurd Reimers

Response

The position of the Wiltshire Pension Fund has been previously stated in our response to questions raised at the Investment Sub-Committee in February 2016. Our current investment policy requires investment fund managers to take account of all financial risks when considering investments of which the implications arising from the Paris Climate Summit will potentially be one.

The Wiltshire Pension Fund (WPF) is cognisant of the implications of climate change and carbon emission management, recognising fossil fuels as a significant risk factor. The Fund reviews its approach to all investment related issues annually by approving its Statement of Investment Principles. This can be viewed at the link below:

<http://www.wiltshirepensionfund.org.uk/fund-information/investment-principles.htm>

At a strategic level, WPF believes using its influence as a shareholder to encourage good corporate governance practice and responsible investing is more effective than a blanket disinvestment.

One way it does this is by contracting to Pensions & Investment Research Consultants Limited (PIRC) who provides a global shareholder voting service. PIRC's voting guidelines considers all aspects of good corporate governance which includes a company's approach to its environmental policy, goal setting and performance targets monitoring for carbon emission and will vote against AGM resolutions on behalf of all its clients should these issues not be sufficiently addressed. This approach provides opportunity for engagement with these companies and provides a direct communication channel with individual boards.

The WPF also believes that collective active engagement with companies in this sector is more powerful than acting individually. As a member of the Local Authorities Pension Fund Forum (LAPFF) the WPF is able to act with other local authorities on these issues. LAPFF currently has 70 member funds with assets of more than £175 billion.

LAPFF has recently signed a shareholding position paper on climate risk reporting as attached. Further information on the activities of LAPFF can be viewed via their website WWW.lapfforum.org.

LAPFF supports shareholder position paper calling for improved climate risk reporting

In May 2016, LAPFF signed a shareholder position paper on climate risk reporting. This paper calls on companies to assess and report their climate-related risks within their annual report to shareholders, in the interests of prudent and long-term capital stewardship. In many jurisdictions, to do so is already a requirement for listed companies, but this paper sets out why companies and regulators need to do more to ensure that such requirements are properly implemented.

