

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
25 November 2021

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### **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 2021/22*

2. Actions from the recent Committee meetings are as follows. Actions which were reported as complete in the last regular update have been removed:

<b>Recommendation</b>	<b>Action</b>
Members agreed...	
That the Fund should aim to sign up to the 2020 Stewardship Code during 2021.	Fund officers have reviewed a gap analysis report prepared by Minerva, which looks at the current Fund publications and highlights the additional reporting which is required by the 2020 Stewardship Code. Officers are preparing a plan and will be reporting against the requirements of the code via a Stewardship Policy and Outcomes report in early 2022.
That officers will further explore commissioning Mercer to advise on a road map for the Fund to achieve net zero by 2050.	Mercer's work is almost complete. The findings from initial stages of the work (i.e., setting interim decarbonisation targets) have formed part of the Fund's Responsible Investment Policy.
To approve the Responsible Investment Plan 2021/22, and the actions and costs noted therein.	Progress against the actions in the Responsible Investment Plan is shown below.
To approve that the Fund's passive equity allocation is implemented via the Brunel Paris-aligned passive portfolio.	The transition took place at the launch of the portfolio on 2 November 2021. The Fund took part in publicity surrounding the launch.
To approve strategic allocations of 5% each to Impact Affordable Housing and Renewable Infrastructure, and to instruct officers to explore options for implementation.	Officers have been working with Mercer and the Brunel pool to explore implementation options. These are discussed in more detail, along with recommendations, elsewhere on this agenda.

Recommendation	Action
Members agreed...	
That a training half-day should be organised, and that Pensions for Purpose should be invited to deliver a workshop on impact investing, and Brunel should be invited to provide training on the Paris-aligned benchmark.	This training has been organised for 29 November.

3. The road map from the Responsible Investment Plan 2021/22 is shown on the following page. Progress against actions for Q2 & Q3 2021 is as follows:

**4. Investments and strategy:**

- The decision on sustainable equities has been made, and the transition was completed in September 2021.
- Proposals for protection assets were considered at the 2 September 2021 Investment Sub-Committee, and approved by full Committee on 30 September 2021. The Fund has now made specific allocations to renewable infrastructure and impact affordable housing, of 5% each. Implementation options are currently being considered.
- The Responsible Investment Policy has been approved and published – more info further later in this report.
- Mercer’s work on a “net zero by 2050” road map has been nearly completed, and is included in a climate statement and action plan as part of the Responsible Investment Policy. This work has included setting interim decarbonisation targets.

**5. Reporting and disclosure:**

- The TCFD reporting has been published online and in the Annual Report 2020/21. This sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and metrics.
- Officers are developing plans for reporting in line with the 2020 Stewardship Code. This requirement will be met by an annual Stewardship Policy and Outcomes Report, which will be published for the first time in early 2022.
- The Fund has signed up to the wider initiatives as set out in the Responsible Investment Plan, and is developing an approach to engaging with these resources.

**6. Training and engagement:**

- A Committee training session on impact investing and affordable housing was held on 8 July 2021. Officers have collected feedback from attendees via an online survey. Feedback was positive – members reported that they found the training very useful, particularly on impact investing, and that both sessions were pitched at the right level.
- One attendee fed back that they felt the Committee would benefit from the follow-on session on impact investing which had been mentioned in the training. This was supported by the Committee at the meeting on 30 September 2021, and the training has been scheduled for 29 November 2021.
- A Committee training session was held on 14 September 2021, for Mercer to represent their climate scenario modelling findings. Feedback was collected via an online survey. Members were very positive about the training, apart from one member who was very negative. Overall, members were happy with the level training was pitched at, and felt that they better understood the Fund’s strategic

direction. Several members felt that regular updates and refreshes of this training would be helpful.

- Brunel held two virtual investor days via Teams (27 September & 4 October) which were attended by several Board and Committee members. These sessions covered a range of topics including high level market overview, investment examples and responsible investment progress.

7. **Responsible Investment Plan 2021/22 progress summary:** The Plan is on track to be achieved – all actions scheduled for Q2 & Q3 2021 have been completed. Work has begun on actions for Q4 2021.

## ***Responsible Investment Road Map***

### **Q2 2021 -**

**Investments and strategy:** decision on sustainable equities

**Reporting and disclosure:** TCFD reporting

**Training and engagement:** Training on impact investing and affordable housing

### **Q3 2021 -**

**Investments and strategy:** proposals for protection assets, develop and publish Responsible Investment Policy, including climate statement and action plan

**Reporting and disclosure:** Develop plan for Stewardship Code reporting

### **Q4 2021 -**

**Investments and strategy:** begin work to implement proposals for protection assets, begin reviewing potential work on other asset classes with respect to climate change and sustainability

**Reporting and disclosure:** sign up to wider initiatives

**Training and engagement:** hold membership webinars and develop the information shared on the Fund's website

### **Q1 2022 -**

**Investments and strategy:** update Investment Strategy Statement

**Reporting and disclosure:** develop plans for reporting the year's progress in the Annual Report

### Responsible Investment (RI) Policy

8. As mentioned above, the RI Policy has now been approved and published. The policy contains information which was previously contained in the Investment Strategy Statement (ISS), the RI Plan 2021/22, and some other new material, including the recommendations from Mercer's work on setting a pathway to net zero. The RI Policy can be found here on the Fund's website:  
<https://www.wiltshirepensionfund.org.uk/media/7330/Wiltshire-Pension-Fund-Responsible-Investment-Policy-2021/pdf/Wiltshire-Pension-Fund-Responsible-Investment-Policy-2021.pdf?m=637696372542870000>
9. The RI Policy is to be considered as an integral part of the ISS. The ISS has been updated to remove duplicate information which is now included in the RI Policy, and is elsewhere on this agenda for review.

### Training

10. The next training session will be held via Teams on 29 November 2021. This training will include a follow-on session on impact investing with Pensions for Purpose. This session will take the format of an investment beliefs workshop, to review the UN sustainable development goals (SDGs) in more detail, and focus on SDGs which the Fund could incorporate in the investment strategy.
11. There will also be a session with Brunel on the new Paris-aligned benchmarks, which will explain more about how they are constructed, with examples. All members of the Committee and Local Pension Board are strongly encouraged to attend the training.

### Member and Employer Engagement Activity

#### **COP26 Engagement**

12. In the run-up to COP26, the 2021 UN Climate Change Conference, officers developed a campaign to engage with the scheme membership. This involved the following:
  - Producing a one-page factsheet with key facts and figures on how the Fund is responding to climate change risk.
  - Using this factsheet as part of an email campaign to alert the scheme members to what action is being taken.
  - Developing a webpage to contain all the climate information in one place, so members can follow the link through from the one-page factsheet to learn more.
  - Working with Wiltshire comms and our employers, as well as using Mailchimp to send out the campaign.
  - Working with Wiltshire comms externally to ensure that we tie in our work with the Council's carbon reduction team, by putting out a press release and social media posts.
  - Joining in with Brunel's publicity work, specifically around our collaborative work to develop a new Paris-aligned benchmark, and invest £600m in this passive portfolio at its launch.
13. Members can view the factsheet and climate webpage here:  
<https://www.wiltshirepensionfund.org.uk/climate>

14. This was a successful campaign, with just under 14k recipients via Mailchimp, and more members were reached through the comms sent out by employers. On mailchimp alone, 7,268 members read the email, which contained the climate factsheet. The climate webpage received just under 1k visits, almost all of which were new visitors to the website.

### **Environmental Impacts of the Proposals**

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

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

16. There are no known implications at this time.

### **Proposals**

17. The Committee is asked to

- use the 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 2021/22 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