

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
26 May 2022

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 2022/23

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

Recommendation	Action
Members agreed...	
That the Fund should aim to sign up to the 2020 Stewardship Code during 2021.	The full stewardship report has been submitted to the FRC and published on the Wiltshire Pension Fund website. A summary report was circulated via an email campaign to fund membership on 12 April, and confirmation of Code signatory status is expected Q3 2022.
That officers will follow up with Mercer on advising on a road map for the Fund to achieve net zero by 2050.	Mercer have completed the bulk of the work and are to complete this work by analysing the Fund's holdings using Mercer's Analytics for Climate Transition (ACT) tool, which provides more bottom-up analysis.
To authorise officers to work with Mercer to deliver the implementation of the affordable housing and renewable infrastructure portfolios.	The implementation work for the affordable housing portfolio has been completed. The implementation process for renewable infrastructure is ongoing.

3. The road map from the Responsible Investment Plan 2022/23 is shown on the following page. Progress against actions for Q2 2022 is as follows:

Responsible Investment Road Map

Q2 2022 -

Investments and strategy: Progress the next stage of the Mercer work on climate, to look at bottom-up and engagement targets. Implement the first stage of the renewable infrastructure portfolio.

Reporting and disclosure: Expand our portfolio coverage in terms of carbon metrics, and develop our TCFD reporting.

Training and engagement: Publish the 2020 Stewardship Code submission and mini-magazine version. Training on strategic asset allocation for Committee members.

Q3 2022 -

Investments and strategy: Complete the strategic asset allocation (SAA) review, embedding sustainability and climate considerations. Review the climate modelling findings from the actuarial valuation 2022.

Reporting and disclosure: Monitor and report progress against the interim decarbonisation targets. Develop impact metrics reporting for the affordable housing portfolio.

Q4 2022 -

Investments and strategy: participate in the Brunel climate stocktake and input into shaping policy and direction of travel. Review the RI Policy.

Reporting and disclosure: establish decarbonisation targets for property and infrastructure, and develop plans for other asset classes.

Training and engagement: expand the stewardship and voting information on the website

Q1 2023 -

Investments and strategy: update Investment Strategy Statement . Complete implementation of the affordable housing and renewable infrastructure portfolios.

Training and engagement: investigate use of a tool to enhance holdings transparency for stakeholders. Investigate the topics of biodiversity, and reporting against the Taskforce on Nature-related Financial Disclosures (TNFD).

4. Investments and strategy:

- The Fund has made a specific allocation to renewable infrastructure of 5%. Implementation options are currently under consideration.
- Mercer's work on a "net zero by 2050" road map will continue with analysis using Mercer's Analytics for Climate Transition (ACT) tool.

5. Reporting and disclosure:

- The second report following the Task Force for Climate Related Financial Disclosures TCFD recommendations is currently being drafted for publication alongside the Fund Annual Report and Accounts.
- The stewardship report was approved at the Committee on 31 March and published in April 2022.
- Stewardship Code signatory status will be confirmed by the Financial Reporting Council (FRC) later in Q2 or Q3 2022.

6. Training and engagement:

- A summary stewardship highlights report and updated stewardship and voting webpage were published in April. These are aimed at a wider (non-technical) stakeholder audience to be more engaging and accessible. The highlights report was uploaded to Issuu, a publishing platform that converts PDFs into digital publications that can be shared via links or embedded into websites. The benefits of Issuu are the immersive flipbook style of presentation and read statistics. The highlights report was also circulated via a Mailchimp email campaign on 12 April 2022:
 - i. the Issuu stewardship highlights report received 610 impressions¹, 176 reads and an average read time of 3:41 minutes.
 - ii. The Mailchimp email campaign achieved open rates of 65% (13,325) for members and 62% (3,418) for pensioners (as at 12 May 2022).
- A Committee and Local Board training session on Strategic Asset Allocation was delivered by officers on 16 May 2022 and feedback is being collected. While the focus of the session was on investment returns in the context of funding and the valuation; environmental, social and governance factors were covered as these present risks and opportunities for both asset and liability modelling.
- At this committee meeting (26 May 2022) Faith Ward, Chief Responsible Investment Officer at Brunel Pensions Partnership, will be presenting on Responsible Investment and fiduciary duty. Committee members are encouraged to take the opportunity to ask questions on Brunel's approach to strategy implementation.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

¹ Impressions are the number of times the publication was shown on the Issuu network. Or in other words, the stewardship page/highlights report was likely to have been found on the Wiltshire Pension Fund site, or from search results, independently of the Mailchimp email campaign.

Proposals

9. 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 2022/23 actions and discuss whether any additional actions are needed at the current time.

Report Author: Liam Robson (Accounting and Investment Officer)

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