

## **Investment Strategy Statement Consultation Summary Feedback**

Below is a summary of the feedback received as part of the consultation:

### **From Local Pension Board Members:**

- 1) I consider that the draft ISS broadly complies with Reg 7 of the LGPS regulations and DCLG statutory guidance on the preparation and maintenance of ISS except I recommend that
  - a) in respect of Regulation 7 2(a) investment in wide variety of investments and Reg 7 2(b) suitability and type of investment - some key WP policy statements need some small clarifying/factual edits
  - b) you attach as an Annex a WPF regulatory compliance tick sheet is created in relation to Reg 7 and the DCLG LGPS statutory requirements embolden in their guidance, and the WPF considers developing policies on controversial financially material ESG investment issues, with these tools being for the use of the Pension Committee, Local Pension Board, and fund members,
- 2) I consider that if the ISS is published on the WPF website it will meet LGPS and TPR Code 14 disclosure and communications requirements respectively.
- 3) I consider that it should help improve the efficacy of the WPF.
- 4) I welcome and support the proposal the ISS should be reviewed and updated before April 2018 as required to take account of the commencement of asset pooling in 2018.

and;

- 1) How is full transparency on fees sought? Can we get the total cost of investment? Can we insist that the funds we invest in provide this?
- 2) How much and on what basis do we pay independent investment advisors as well as the external investment managers – should this be on outperforming the relevant indices?
- 3) I appreciate ad-valorem is ‘accepted practice’ but is it ‘best practice’? Would it be helpful to indicate that an increasing proportion will be through performance driven fees? Has an options appraisal been conducted on this point? If not, what criteria are to be used to determine if it is ‘believed to be in the overall financial interests of the Fund’? Can we include a worked example?
- 4) Should we include the performance report template/ measures/ benchmarks which go to the investment sub-committee within the ISS?
- 5) How is employee input sought in the Brunel governance?

### **From Pension Fund Committee:**

- 1) I am more concerned about the section which says “Following the completion of the transition plan outlined above, it is currently envisaged that all of the Wiltshire Pension Fund’s assets will be invested through BPP Ltd.” The wording is slightly vague – what does “currently envisaged” mean in this context and is it wise to be vague? The fiduciary duty dictates that all decisions should be taken in the best financial interests of the fund in meeting its responsibilities. The

business-like relationship should be constructed to ensure that the committee will design and decide its investment strategy and that BPP will deliver investment management to fulfil the strategic and performance objectives of the committee. The committee will need to ensure that it holds BPP to account for investment performance, but the ultimate decisions on strategy will remain with the committee.

**From Statement from Scheme member made to Investment of Sub-Committee:**

We the undersigned congratulate the Wiltshire Pension Fund on its draft Investment Strategy Statement, which includes plans to review the risks caused by climate change and the associated issue of stranded assets. The plans to undertake a carbon footprint of the Fund's equity portfolio and a temperature rise scenario analysis are also welcomed.

We would like to make the following suggestions to the fund

1. We suggest that the fund extends the carbon footprint to the entire portfolio including passive investments.
2. Following completion of the assessment, the fund should establish an appropriate process for the management of climate change risk such as:
  1. For active equity mandates the pension scheme requests the use of information about company emissions intensity and reduction plans through robust engagement
  2. For passive equity mandates the pension scheme has considered multi-factor products that offer built in climate protection
3. We ask that the fund involve members in this process, and would be glad to offer our support