

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
20<sup>TH</sup> June 2024

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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 the Committee**

##### **Progress against recent decisions and the actions in the Responsible Investment Plan 2023/24**

2. Progress against the actions in the Responsible Investment Plan 2023/24 is as follows, along with links to the completed work:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23		Complete – approved by Committee and included in the RI Policy 2023 ( <a href="#">How we do it (our approach) - Wiltshire Pension Fund</a> )
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23		Significant progress made – see below
Publish the stewardship report and mini-magazine	Q2 23		Complete - <a href="#">Summary - Wiltshire Pension Fund</a>
Publish the affordable housing impact report	Q2 23		Complete - <a href="#">Affordable Housing Impact Report 2023 - Wiltshire Pension Fund</a>
Research and publish the cement case study	Q2 23		Complete – included in the Climate Report and online ( <a href="#">Climate - Wiltshire Pension Fund</a> )
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 – <a href="#">How we do it (our approach) - Wiltshire Pension Fund</a>
Publish an expanded Climate Report (including TCFD reporting)	Q3 23		Complete – <a href="#">Climate - Wiltshire Pension Fund</a>
Conduct an engagement activity with the scheme's younger members	Q3 23		Complete - <a href="#">Engaging with our younger members - Wiltshire Pension Fund</a>
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23		Significant progress was made, and then the Fund divested from this portfolio, closing this action
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23		A case study has been carried out and will be published in the Fund's Climate and Nature Report 2024
Progress the water engagement via Brunel	Q4 23		Progress was made but the Fund has now withdrawn from this engagement due to resourcing issues, closing this action
Report on progress and developments against the theme of biodiversity	Q1 24		First stage done by including a section in the RI Policy 2023, two case studies

			published into regenerative agriculture and deforestation ( <a href="#">Regenerative agriculture - Wiltshire Pension Fund</a> and <a href="#">Tasty profits - investing in chocolate - Wiltshire Pension Fund</a> ) and more will be published in the Climate and Nature Report 2024
Launch a holdings transparency tool via the Fund's website	Q1 24		Complete - <a href="#">A Quarterly Insight into Our Equity Holdings - Wiltshire Pension Fund</a>
Use established industry tools to investigate the theme of health in our portfolios	Q1 24		Complete - <a href="#">Healthy Profits Part 1 - A check up into our exposure to the theme of health - Wiltshire Pension Fund</a> and <a href="#">Healthy Profits Part 2 - identifying opportunities - Wiltshire Pension Fund</a>

3. This evidences that good progress was made throughout the year towards advancing our approach to responsible investment. Most of the actions have been published online, demonstrating transparency and information sharing, and providing information for stakeholders.
4. The one action which has not yet been fully completed is implementation of the Climate Opportunities (Clops) portfolio. This has been due to resourcing constraints in the investments team, meaning that work has had to be carried out in a more linear fashion rather than several workstreams at once. However, in spite of this, good progress has been made, as follows:

Asset class	Allocation	Comments
Local infrastructure	£100m allocated to Wessex Gardens	£70m already drawn down into a solar portfolio
Listed equities	Subscription pending	A manager has been selected who takes a thematic approach to investing in planetary transition
Listed/private debt	£50m allocated to 91's emerging market transition debt fund	The fund will invest in both listed and private debt, targeting impact across different time horizons
Climate tech VC	£10m allocated to World Fund	The manager invests in start-up companies who are set to deliver material carbon reduction
Nature-based	Pending	

5. Other responsible investment achievements throughout the year include the following:
  - Our COP28 campaign explained our approach to members with an informative factsheet, and was read by c.13k people.
  - The Fund won several awards, specifically the LAPF Investment Awards 2023 award for "Best Approach to Responsible Investment", and the 2023 Pensions for Purpose awards for "Best Climate Change Member Communication" and "Impact Investing Adopter Award".
  - Officers at the Fund have been invited to speak at several conferences/round tables/podcasts etc. about the Fund's approach, and there has been a lot of positive publicity for the investments in Clops.
  - A large survey of the Fund's membership was carried out on responsible investment matters, the results of which were deeply informative, and can be found here: [Responsible Investment Survey 2024- The Results! - Wiltshire Pension Fund](#)
  - The Fund maintained signatory status of the Stewardship Code 2020.

## Responsible Investment Road Map for 2024/25

### Q2 2024 -

**Investments and strategy:** Complete allocations to a nature-based fund and listed equities strategy in the Clops portfolio.

**Reporting and disclosure:** Publish the Stewardship Report and mini-magazine, the Affordable Housing Impact Report, and a report into our fossil fuel holdings.

**Training and engagement:** Research and write up case study on fashion holdings, conduct a site visit to an affordable housing development, and deliver a younger members focus group.

### Q3 2024 -

**Investments and strategy:** Carry out climate scenario modelling. Review and update the Responsible Investment Policy.

**Reporting and disclosure:** Publish a Climate and Nature Report, and a Social Impact Report.

**Training and engagement:** Conduct an employer survey, and a case study into one of our private markets managers.

### Q4 2024 -

**Investments and strategy:** Investigate best practice ESG integration for bank loans, and make the final affordable housing allocation.

**Reporting and disclosure:** Develop the transparency tool to cover fixed income holdings, and publish a case study into "levelling up" investments.

**Training and engagement:** Research and write up a case study into food systems. Investigate the topic of ESG as a risk management tool in private debt.

### Q1 2025 -

**Investments and strategy:** Investigate climate targets for private markets portfolios.

**Reporting and disclosure:** Scope the Clops Impact Report.

**Training and engagement:** Research and write up a case study into a just transition.

6. The roadmap for 2024/25 as approved by the Committee is shown above and monitoring against progress is set out below:

Action	Work due	Progress status	Comments
Complete allocation to a nature-based fund in the Clops portfolio	Q2 2024		Initial investigation being undertaken into funds, work will be delayed into Q3 2024.
Complete allocation to a listed equities strategy in the Clops portfolio	Q2 2024		Manager selected for this strategy.
Publish the Stewardship Report and mini-magazine	Q2 2024		Report agreed by Committee and graphically designed ready for publication on 13 <sup>th</sup> June. See appendix 2 for the mini magazine.
Publish the Affordable Housing Impact Report	Q2 2024		Report prepared and provided as appendix 1 to this paper, will be published on 20 <sup>th</sup> June.
Publish a report into our fossil fuel holdings	Q2 2024		Elsewhere on this agenda in the Climate and Nature Report 2024.
Research and write up case study on fashion holdings	Q2 2024		Complete: <a href="#">Investing in fashion - how do our investments measure up? - Wiltshire Pension Fund</a>
Conduct a site visit to an affordable housing development	Q2 2024		Complete, visit to two sites completed and included in the Affordable Housing impact report. Man Group site and two CBRE sites in London. <a href="#">Building affordable housing from the ground up - Revisiting Saltdean two years on! - Wiltshire Pension Fund</a>
Deliver a younger members focus group	Q2 2024		Due to low levels of interest, this action has been closed. Options are being considered on how to progress engagement with younger members.
Carry out climate scenario modelling	Q3 2024		Not yet started
Review and update the Responsible Investment Policy	Q3 2024		Not yet started
Publish a Climate and Nature Report	Q3 2024		Elsewhere on this agenda
Publish a Social Impact Report	Q3 2024		The Spotlight on Social Report has been published: <a href="#">Spotlight on Social - Wiltshire Pension Fund</a>
Conduct an employer survey	Q3 2024		Not yet started
Write up a case study into one of our private markets managers	Q3 2024		Not yet started
Investigate best practice ESG integration for bank loans	Q4 2024		Not yet started
Make the final affordable housing allocation	Q4 2024		In progress
Develop the transparency tool to cover fixed income holdings	Q4 2024		Not yet started
Publish a case study into "levelling up" investments	Q4 2024		Not yet started
Research and write up a case study into food systems	Q4 2024		Not yet started
Investigate the topic of ESG as a risk management tool in private debt	Q4 2024		Not yet started
Investigate climate targets for private markets portfolios	Q1 2025		Not yet started

Scope the Clops Impact Report	Q1 2025		Not yet started
Research and write up a case study into a just transition	Q1 2025		Not yet started

### **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.

### **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;

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

### **Appendices:**

Appendix 1 – Affordable Housing Report

Appendix 2 – Stewardship Report Mini Magazine