

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND COMMITTEE  
19 September 2024

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### **RESPONSIBLE INVESTMENT POLICY**

#### **Purpose of the Report**

1. The purpose of this report is to present an updated Responsible Investment Policy for the Fund, for the Committee's review and approval.

#### **Key Considerations for Committee**

##### ***Background***

2. A Responsible Investment Policy is not a statutory document, and historically this information has been contained within the Fund's Investment Strategy Statement (ISS). However, it is best practice for Funds to present the relevant information into a separate document, which is to be considered as an integral part of the ISS, in order to improve transparency. The Committee first approved a Responsible Investment Policy in September 2021. The Responsible Investment Policy states that it will be reviewed annually, and this is the third such review. An annual review is necessary as this area is continuously undergoing a lot of change and development.

##### ***Highlights of changes from the Responsible Investment Policy 2023***

3. The 2024 version of the RI Policy (draft version attached as Appendix 1) has undergone some changes in order to streamline and clarify some of the content. As mentioned above, the origins of the content in the RI Policy were the relevant sections of the ISS, and over the last three years this has been added to and updated. However, this meant that the RI Policy had grown quite long, and contained information which is now included in specialist publications such as the Climate and Nature Report, and the Stewardship Report. Over the last few years, the Fund's approach has also evolved, and there is now a stronger focus on using ESG factors to identify investment opportunities, such as the Fund's Impact UK Affordable Housing portfolio, and the Climate Opportunities (Clops) portfolio.
4. Therefore, some work has been done to re-format the Policy to a certain extent. The format is now as follows:
  - Brief introduction.
  - Who WPF is as an investor.
  - What we believe.
  - Our approach – listing all the ways we embed RI principles in our approach, followed by...
  - Sections going into our approach in more detail, in the same order as the list.
  - A glossary
5. The result of these changes is that even though new information has been added this year, overall, the policy is shorter, and could be said to have a more logical flow.

6. In addition to the above, the following updates have been made to the 2023 policy:
- Page 1 – trimmed, in line with the comments above.
  - Page 4 – the investment belief on investing with impact has been shortened, and the text which has been removed to shorten it is now within the explanatory text in the second column in the table instead.
  - Page 5 – the list has been expanded to include Responsible Investment priorities and investing with positive impact.
  - Page 7 – some new text has been added on Responsible Investment priorities, largely lifted from the Stewardship Report.
  - Pages 7-11 – the climate section has had some new information added. The goal has been updated to reflect the Committee's previous comments about including opportunities, and a graphic has been added to illustrate the fact that the Fund's approach is not just to decarbonise, but to tackle the issue from multiple different angles. The information on transition planning and other asset classes has been streamlined to avoid too much duplication with the Climate and Nature Report, and the section on divestment has been streamlined.
  - Page 13 – the section on Equality, Diversity and Inclusion (EDI) has been removed, and replaced with a section on social factors more broadly (which includes information on EDI).
  - Pages 14-15 – previously there was information in the RI policy about the Government's views on pension funds sacrificing return for positive impact, but since this is not an approach taken by WPF, this section has been amended to reflect what we actually do, and some examples have been added to illustrate the approach.
  - Pages 16-17 – information which was previously in different places in the report has now been brought together into one section on stewardship and engagement. A more "real-life" definition of stewardship is included. The previous information on engagement has been trimmed to avoid redundancy and repetition with the Stewardship Report.
  - Page 18 – FAIRR has been added to the list of initiatives.
  - Page 20 – the reporting table has been updated to include the Spotlight on Social Report, and the quarterly equity holdings transparency tool on the Fund's website. Some links have been updated to ensure they are current.
  - Pages 21-24 – the glossary has been reviewed and updated.
7. As was done in 2023, the Responsible Investment Policy will be graphically designed prior to publication. The designed version will be circulated to Committee members once available and published via the Fund's website.

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

8. The Responsible Investment Policy includes specific plans and targets to address climate change risk in the investment portfolios.

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

9. There are no known implications at this time.

## **Proposals**

10. The Committee is asked to approve the Responsible Investment Policy 2024.

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

## **Appendices:**

Appendix 1 – Draft Responsible Investment Policy 2024