

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 20 March 2019
Report Subject	Responsible Investment Training
Report Author	Clwyd Pension Fund Manager

EXECUTIVE SUMMARY

In recent years Responsible Investment (RI) has moved into the mainstream, and investors are now seriously considering the Environmental, Social and Governance (ESG) risks associated with investments as a matter of course. The Clwyd Pension Fund has long held beliefs as a Responsible Investor and these together with the Fund's Sustainability Policy are reported within the Investment Strategy Statement (ISS).

It is important to review the Fund's beliefs and refresh the policies on a regular basis, and the Business Plan for 2019 flags a review is due.

In addition the Fund has started the process of pooling its assets with the other seven Welsh Funds and as part of this process it is important that the Fund's RI approach is maintained. The Pool is looking to develop an overarching RI policy for all underlying investors and it is important for the Clwyd Fund to give strong input into this development.

The training session will be split into three defined areas, with the aim of informing the Committee members of the latest thinking in the RI area. How the Fund is currently addressing this, and also how the Welsh Pension Partnership's thinking is developing in this area.

The presentations will be split into three:

1. Why consider ESG factors and how to implement it?
2. The current RI policy and approach in the Clwyd Pension Fund
3. Responsible investing in a pooling environment.

RECOMMENDATIONS

1	To note and comment on the presentations.
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REPORT DETAILS

1.00	RESPONSIBLE INVESTMENT TRAINING
1.01	<p>The training session will be split into three sections:</p> <ol style="list-style-type: none">1. The sessions are designed to update attendees on the Clwyd Pension Fund's current Responsible Investment (RI) Policy and consider other opportunities to develop the Policy including as part of the Wales Pension Partnership. Why consider Environmental, Social and Governance (ESG) factors and how to implement it?<ul style="list-style-type: none">▪ How material is ESG?▪ Risk, Return, Reputation examples▪ Stakeholders and reputation drivers▪ Regulation▪ Framework for integrating Sustainable Growth into business as usual▪ RI approaches<p>Hill Gaston, Mercers</p>2. The current Responsible Investment policy and approach in Clwyd Pension Fund<ul style="list-style-type: none">▪ The current Clwyd Pension Fund RI policy▪ How ESG is integrated into the Fund's investments▪ The CPF responsible investment social impact approach in Private Markets<p>Debbie Fielder, Deputy Head of Fund and Nick Buckland, JLT</p>3. Responsible Investment in a pooling environment<ul style="list-style-type: none">▪ The role of the Pool<ul style="list-style-type: none">- What the Pool should, and shouldn't do; where are the boundaries for the Pool- Understanding stakeholder requirements; what are the needs and wants of different funds?- Overcoming barriers – practical considerations, meeting differing requirements▪ Developing RI policy<ul style="list-style-type: none">- Areas of common ground- Ambitions, Beliefs & Principles – how is the Pool positioned- Current position/draft policy▪ Next steps<ul style="list-style-type: none">- Working with others – steps to implement policy; influencing the Pool; longer term ambitions<p>Simon Jones, Hymans Robertson</p>

2.00	RESOURCE IMPLICATIONS
2.01	None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	It is now commonly accepted that ESG risks and the consideration of such should be embedded with consideration of any investment. The CPF has an RI policy, and it is appropriate to review and refresh on a regular basis. The training session will give the Committee and opportunity to hear the latest thinking and understand the risks and benefits from considering ESG factors.

5.00	APPENDICES
5.01	None – Presentations will be issued on the day.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>CPF's Investment Strategy Statement including the approach to RI and Sustainability.</p> <p>Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk</p>