

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 12 June 2019
Report Subject	Responsible Investment
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.

With this background the Committee had a training session on 20 March 2019. The session was split into three sections:

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

The training sessions were designed to inform the Committee of the latest thinking in the RI area, and to give background and support in the review of the Fund's policy later in the year.

The purpose of this session is to refresh the Committee of the issues discussed at the training day in March, and set out the plans for reviewing the Clwyd Pension Fund's policy.

RECOMMENDATIONS

1	To note and comment on the presentation, and to agree the process for the review of the Fund's policy.
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REPORT DETAILS

1.00	RESPONSIBLE INVESTMENT
1.01	<p>Background</p> <p>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).</p> <p>It is important to review the Fund's beliefs and refresh the policy on a regular basis, and the Business Plan for 2019 flags a review is due. This report sets out the proposed process for this review.</p>
1.02	<p>Review</p> <p>As part of the presentation of this report the Fund's Investment Consultant will remind the Committee of some of the key points arising from March's training session. There are also two documents attached as Appendices to this report to give the Committee more background information on ESG and the impact of Climate Change on investors.</p> <p>After the meeting a survey will be issued to Committee members, which is designed to seek views on a number of ESG areas at a high level. Committee members will be given two weeks to complete this survey which should take no more than 15 minutes to complete.</p> <p>After the surveys are completed the Investment Consultant will compile the results, and discuss with the officers to inform the review of the Fund's policy. This work will run concurrently with the review of the Investment Strategy to ensure that any strong views are reflected appropriately.</p> <p>The results will be presented at the Committee meeting in September and any headline views expressed and discussed after which an overall approach will be agreed and fed into the formal review of the Fund's policy.</p> <p>As a result of this work, the updated policy will be presented to the Committee for approval at the meeting in November.</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 an opportunity to hear the latest thinking and understand the risks and benefits from considering ESG factors.

5.00	APPENDICES
5.01	Appendix 1 - ABC of ESG Appendix 2 - Investing in a time of Climate Change

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Presentations to Committee Training Day on 20 March 2019. Contact Officer: Philip Latham, Clwyd Pension Fund Manager Telephone: 01352 702264 E-mail: philip.latham@flintshire.gov.uk