

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Responsible Investment Sub-Committee
Date:	7 September 2021
Title:	Scheme Member Communication
Report From:	<i>Director of Corporate Operations</i>

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Purpose of this Report

1. The purpose of this report is to update the sub-committee on communication to and from scheme members since its last meeting in March 2021.

Recommendations

2. That the communication to and from scheme members on Responsible Investment issues is noted.

Executive Summary

3. The sub-committee's terms of reference include the actions:
 - 'to engage directly and indirectly with scheme members and employers to hear representations concerning Environmental, Social or Governance (ESG) issues as appropriate',
 - 'to report annually on the Pension Fund's Responsible Investment to demonstrate progress to the Pension Fund's stakeholders'.
4. Since the sub-committee's last meeting in March 2021 the Pension Fund has received one deputation to the Pension Fund Panel and Board and received a number a variety of correspondence in relation to ESG investment issues, in particular Climate Change and investments related to Israel.
5. Although the Pension Fund continues to receive correspondence expressing strong views, particularly on investments that relate to Climate Change, the

level of correspondence to date remains low compared with the overall 183,000 scheme members.

Responsible Investment Annual Update

6. The Pension Fund's second Responsible Investment (RI) Annual Update was published in April 2021. The update was printed and included with pensioners' payslips (sent to all 45,600 pensioners), published on the Pension Fund's website, and included in the Pension Fund's Annual Report which was published in July 2021.

<https://documents.hants.gov.uk/pensions/pension-fund-investment-report.pdf>

The 2021 Annual Update was written taking into account feedback received on the 2020 Annual Update including input from the County Council's Communications and Marketing teams to improve the presentation and readability of the update, and expanding it to two sides of A4 to include more detail.

7. The RI update included a link to the Pension Fund's RI email address and asked for feedback from scheme members. Five responses were received, which were all positive and included one further suggestion for improving the presentation of the update.

Deputations

8. In the last 6 months one deputation has been received from a representative of the Dirty Money Campaign which repeated the group's previous deputations in November 2020 and February 2021. These deputations called on the Pension Fund to take a number of actions, including taking action to manage the Fund's investments in line with the Paris Agreement and a maximum 1.5 degree climate increase scenario and asking all members of the ACCESS pool to become members of the Net Zero Asset Owners Alliance and Institutional Investments Group on Climate Change.

LGPS Divest Campaign

9. In March 2021 a number of County Councillors received correspondence from their constituents based on information provided by the Divest UK campaign. The correspondence referred to research covering all of the Local Government Pension Scheme (LGPS), showing that Hampshire had 1.9% of assets invested in fossil fuel companies in comparison to a 3% national average, and called on the Pension Fund to disinvest from fossil fuel companies.

Other correspondence

10. There have also been five other pieces of correspondence from scheme members. These have been in relation to the risk of climate change and encouraging the Pension Fund to disinvest from fossil fuel companies.
11. Additionally, pieces of correspondence were received in relation to investments in companies with operations in Israel as a result of a campaign from the Palestinian Solidarity Campaign highlighting those companies that it felt were complicit in the Israeli government's occupation of disputed territories. The issues of these companies' activities in Israel has been discussed with the Pension Fund's investment managers, and their company engagement activity on this issue is included the Fund's stewardship update later on within this agenda.

Climate Change Impact Assessments

12. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
13. The Pension Fund itself has a negligible carbon footprint, but it recognises that the companies and other organisations that it invests in will have their own carbon footprint and a significant role to play in the transition to a lower carbon economy. Therefore the Pension Fund recognises the risk that ESG factors, including the impact of climate change, can materially reduce long-term returns. The Pension Fund has a role to play as an investor, in ensuring that its investment managers are suitably considering the impact and contribution to climate change in their investment decisions and acting as a good steward to encourage these companies to play their part in reducing climate change. This is explained further in the Pension Fund's RI policy [InvestmentStrategyStatementincludingRIpolicy.pdf](#) (hants.gov.uk).
14. This paper captures the views of scheme members that have been shared with the Pension Fund on RI issues, including the risks and impacts of Climate Change, so that the sub-committee can consider these views in their future decision making.

REQUIRED CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because of the ongoing management of the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

EQUALITIES IMPACT ASSESSMENTS:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.