

MEETING: PENSION BOARD

DATE: 22 FEBRUARY 2021

TITLE: RESPONSIBLE INVESTING AND LOW CARBON INVESTMENTS

PURPOSE: To update the Board on the Fund's activities with responsible investing and low carbon investments, and to present a draft statement

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1. INTRODUCTION

1.1 The purpose of this report is to provide an update on the Fund's activities with responsible investments and low carbon investments, and present a draft statement.

2. FIDUCIARY DUTY

2.1 We've recently been considering how we could invest more responsibly. As trustees of pension funds it is more responsible for us to plan appropriately, take real action, and influence where possible for the benefit of our environment.

2.2 The Gwynedd Pension Fund has a fiduciary duty to all scheme employers, their staff and pensioners. It is this 'fiduciary duty', which informs the decisions of the Pensions Committee. The Fund does not divest solely for non-financial reasons, not least because this could lead to legal challenge.

3. DEVELOPMENTS

3.1 The managers and the Pensions Committee have been working for some time to ensure that the Gwynedd Pension Fund, our advisers and asset managers look to invest in sustainable assets. We have asked our asset managers to engage with companies on their plans for a low carbon future. Through this, the Pension Fund has put pressure on companies to increase efforts in this important area.

3.2 The following developments have taken place in Gwynedd Pension Fund in order to increase efforts in this area:

- Revise the Fund's Investment Strategy Statement to set out our responsible investment principles.
- Developing a Responsible Investment Policy (in progress).
- 12% of the Fund's investments have been transferred to the Black Rock low carbon fund.
- Approved the movement of the Ballie Gifford within Wales Pension Partnership to a fund which disinvests from fuel companies.
- Wales Pension Partnership have commissioned a 'decarbonisation overlay' by Russell Investments which will reduce carbon footprint by 25% on certain funds.

- UBS, one of our property managers, has kept its number 1 position in its peer group for its 'ESG GRESB' score in 2020.
- Working together with LAPFF to promote the highest standards of corporate governance and have a positive influence.

4. STATEMENT BY THE FUND

- 4.1 As the importance of this field has increased, we have decided to publish a statement (Appendix 1) which outlines the Fund's viewpoint of divesting from fossil fuels.

5. RECOMMENDATION

The Board is asked to note the report and the Chairman to sign the statement.