

COMMITTEE: PENSIONS COMMITTEE

DATE: 17 MARCH 2022

TITLE: RESPONSIBLE INVESTMENT POLICY

PURPOSE: To approve the Responsible Investment Policy

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1. INTRODUCTION

1.1 The purpose of this report is to approve the Gwynedd Pension Fund Responsible Investment Policy.

1.2 The policy has been discussed by the Pension Board on 7th March 2022.

2. RESPONSIBLE INVESTMENT

2.1 The Fund recognises that environmental, social and corporate governance issues can represent a material financial risk to its stakeholders and can influence the Fund’s long-term returns and reputation.

2.2 The Fund has released two responsible investment statements in April and July 2021 and have now formalised their beliefs into a policy.

3. RESPONSIBLE INVESTMENT POLICY

3.1 The draft policy can be seen in Appendix 1 and covers the following main areas:

- Investment Beliefs
- Engagement
- Disclosure and Reporting
- Reducing the Fund’s carbon emissions and future goals
- Framework to support Fund’s climate ambitions

4. NET ZERO GOAL

4.1 Within the policy, the Fund has committed to set a goal to be net zero by 2050, supported by an undertaking to assess the feasibility of the Fund reaching net zero 5, 10 or 15 years earlier. The factors considered when setting this goal are discussed in the policy.

4.2 A framework has been developed to support the Fund’s climate ambitions, covering opportunities, engagement, and monitoring & metrics.

5. FUTURE DEVELOPMENTS

5.1 Currently, LGPS funds can make prudent divestment decisions based on an assessment of the financial consequence of a number of matters, including those relating to Environmental, Social and Governance (ESG) factors. It can be evident in appendix 2 that The Boycotts, Divestment and Sanctions (BDS) Bill has recently been announced where measures to restrict expenditure and procurement decisions made by public bodies has been announced. These developments would enable the Secretary of State to issue guidance to those authorities that administer public sector pension schemes, including the local government pension scheme, that they may not make investment decisions that conflict with the UK's foreign and defence policy.

6. RECOMMENDATION

6.1 The Committee is asked to approve the Responsible Investing policy.