

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Pension Fund Responsible Investment Sub-Committee |
| Date: | 2 March 2023 |
| Title: | Scheme Member Communications |
| Report From: | Director of Corporate Operations |

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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 November 2022.

Recommendations

2. That the sub-committee note that no further communication from scheme members on Responsible Investment (RI) has been received, but the Pension Fund will publish its fourth annual RI update for scheme members.

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 consultation on amendments to the Fund's RI policy, the results of which were reported to the Pension Fund Panel and Board in July 2022, the trend of a reduction in scheme member communication on RI has continued. No communication from scheme members on RI issues have been received in the last 6 months. One Freedom of Information request was received and

answered in relation to fossil fuel investments.

Scheme Member RI update

5. As part of the sub-committee's remit to report to stakeholders, 4 years ago an annual RI update was produced for scheme members. The update is printed and included in the paper payslips that are still printed for pensioners and published on the Fund's website for scheme members that log onto the Portal.
6. The Fund's fourth scheme member RI update is attached to this report as Annex 1. The Fund has again made use of the County Council's Corporate Communications team for the graphic design of the update. In line with the responses to the RI policy consultation last year, that showed scheme members prioritised environmental factors significantly above any of Environmental, Social and Governance (ESG) factors, the update focuses on the Fund's continued response to Climate Change. In describing the Fund's ongoing work to respond to Climate Change, the RI update utilises the data gathered for the Fund's TCFD report which was presented in the previous item.

Climate Change Impact Assessments

7. 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.
8. 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 [Responsible Investment | Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/responsible-investment).
9. 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 AND LEGAL INFORMATION:

Links to the Strategic Plan

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| 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 report 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.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

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.