

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Pension Fund Responsible Investment Sub-Committee
<b>Date:</b>	4 March 2022
<b>Title:</b>	Scheme Member Communication
<b>Report From:</b>	<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 September 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 September 2021 the Pension Fund has received two deputations to the Pension Fund Panel and Board and received 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 (16 received in the last six months) compared with the overall 183,000 scheme members.

## **Deputations**

6. In the last 6 months deputations have been received from representatives of the Dirty Money Campaign at each of the two Pension Fund Panel and Board's meetings. The deputations have repeated the calls on the Pension Fund to take a number of actions, including 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.

## **Other correspondence**

### Occupied Palestinian Territory

7. In November 2021 Cllr Kemp-Gee received a letter from the UN's Special Rapporteur on the situation of human rights in the Palestinian territory. The letter called on all LGPS funds to divest holdings in any of the companies that are listed by the UN as involved in specified activities related to the Israeli settlements in the Occupied Palestinian Territory and ensure that holdings in companies in high-risk, conflict-affected areas (wherever they may be in the world) are a priority for LGPS's ESG strategy.
8. As the Special Rapporteur's letter was sent to all LGPS funds, the matter has been referred to the Scheme Advisory Board to respond on behalf of the LGPS. Once their response has been sent, Hampshire will consider if any follow-up is required. In the meantime, the Pension Fund has continued to ensure its investment managers are aware of the companies on the UN's list and discussed the individual circumstance of any companies on the list where they are held in Hampshire portfolios.
9. There has also been ongoing correspondence from one member of the Pension Fund on this topic.

### Climate Change

10. There have also been eight pieces of correspondence from scheme members, another four based on a template email from the *Make My Money Matter* campaign and one from an employer in relation to the risk of Climate Change and encouraging the Pension Fund to divest from fossil fuel companies. A number of these emails were based on scheme members

following up on the topics discussed at the COP26 conference in Glasgow in November 2021.

11. An additional email was received based on a template from the campaign *Feedback* calling on the Pension Fund to disinvest from 'big livestock' due to its impact on climate change.

### **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**

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

**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.