

# RESPONSIBLE INVESTMENT PLAN 2023

<i>Financial Quarter</i>	<i>Date (where applicable)</i>	<i>Title</i>	<i>Description</i>
Q4	20 January 2023	RI Plan	Communication and publication of the Fund's 2023 RI Plan  <a href="#">Approved by the Local Pension Committee.</a>
	3 March 2023	Manager Presentation	Presentation from Partners Group. As part of Manager report to Committee overview of approach to Environment, Social and Governance factors (ESG) in relation to Partners management of private credit assets on the Fund's behalf.
	3 March 2023	Net Zero Climate Strategy (NZCS)	Consideration of outcome of consultation and seeking approval for final Strategy <a href="#">Net Zero Climate Strategy and Implementation Plan was approved by the Local Pension Committee. This was communicated to scheme members through the Member Self Service website, as well as part of the web page on Investments, Responsible Investment and Climate Change.</a>
	9 March 2023	LGPS Central RI Summit	All Members have been invited to attend LGPS Central Responsible Investment Summit. <a href="#">A day of sessions comprised:</a> <ul style="list-style-type: none"> <li><a href="#">Session 1: Climate Change and Human Rights Panel</a></li> <li><a href="#">Session 2: Greenwashing: Developments and Implications for 2023</a></li> <li><a href="#">Options for breakout sessions: Investing in China, Sustainable Investing, Why Biodiversity is Important to Investors</a></li> <li><a href="#">Session 4: Interview with Barclays, the Climate Transition and Net Zero in the Banking Sector</a></li> <li><a href="#">Options for breakout sessions: Energy Markets and the Transition, Renewable Energy, Investing in Carbon Capture and Hydrogen</a></li> </ul>

Session 6: Net Zero in Asset Alternatives

Session 7: LGPS Central's Net Zero Strategy

		<p>Manager Climate Snapshot as 31 March</p>	<p>The Fund will request climate related information from all investment managers to understand how they are monitoring/managing climate risk. This will be used to drive discussions on matters related to the NZCS with Investment Managers throughout the year.</p> <p>Information has been requested and received which is being used to support discussions on the Fund's climate reporting and how Managers align with the Fund's ambitions, this will need to be monitored to ensure where Managers are aligned with its net zero ambitions, that their investment strategy supports this. High level results were reported to the 1 December Committee meeting,</p>
Q1	16 June 2023	<p>Taskforce on Climate-Related Financial Disclosures (TCFD) Report</p>	<p>Public report of the Fund's approach to climate risk, set out in alignment with the recommendations of the TCFD, updates in relation to NZCS, Climate Risk Report and stewardship reporting where applicable. This is subject to review in line with the Climate Risk Report and work with LGPS Central on streamlining and simplification and expected government guidance following their consultation late 2022.</p> <p>Discussions on the Fund's Climate Risk Report were held with LGPS Central. Including increased asset coverage as presented to the Committee at the 1 December 2023 meeting. Central provided a brief update of a mock dashboard at the June meeting.</p>
	16 June 2023	<p>Manager Presentation</p>	<p>Manager TBC. As part of Manager report to Committee overview of approach to ESG.</p> <p>Stafford Capital presented to the Committee on their approach to timberland and ESG related issues, including biodiversity.</p>
Q2	8 September 2023	<p>Manager Presentation</p>	<p>Committee also received an early update on the ESG tool from LGPS Central. Property, DTZ. As part of the Manager presentation to Committee members received an overview of ESG in real estate, and detail on ESG objective for the LGPS Central Sub Fund of implementing and managing ESG risks, capturing</p>

			opportunities, the plan for Net Zero target of 2040 and to comply with all environmental legislation.
		Administration and Communication Strategy	Review further to any change's resultant from NZCS engagement. <a href="#">In progress.</a>
		Responsible Investment &Engagement 101 Training	LGPS Central to provide two-hour training session on responsible investment and engagement in advance of November Climate Risk Report. <a href="#">Training followed the September Committee meeting, covering:</a> <ul style="list-style-type: none"> <li>- <a href="#">Responsible Investment and Financial Outcomes</a></li> <li>- <a href="#">The importance of stewardship, how we engage, successful engagement and Voting Season 2023</a></li> <li>- <a href="#">RI Issues – Net Zero, Climate Issues and reporting, Taskforce for Nature and Financial Disclosures</a></li> </ul>
		Investment Advisor Objectives	Review in line with Competition and Market Authority requirements.  <a href="#">To be presented to December committee with integration of the Fund's Net Zero and RI considerations.</a>
Q3	1 December	Climate Risk Report	LGPS Central are holding discussions with partner funds about future reporting. The Fund will ensure it is reviewed in light of reporting on NZCS and seek to expand data coverage.
	1 December	Manager Presentation.	<a href="#">Presented to Committee, outstanding recommendations to feed into 2024 RI Plan. LGIM, Low Carbon Equities.</a> As part of Manager report to Committee overview of approach to ESG.
		Strategic Asset Allocation Review	To take into account climate risk as per NZCS and Climate Risk Report. <a href="#">Officers have shared the Fund's climate data with Hymans, and will discuss this integration into the SAA given the general good performance in relation to NZCS targets, and how to progress the Fund's objectives.</a>
	11	Pension Fund AGM	Presentation delivered as part of Pension Fund Annual General Meeting.  Included questions received from scheme members

Q4	January 2024	Strategic Asset Allocation Committee	Consider recommendations from Climate Risk Report and Net Zero Climate Strategy. Report to be brought to January Committee alongside Hymans view relating to fossil fuel exposures.
		RI Plan	2024 Plan.

**Ongoing Activities throughout the year**

- Quarterly reports to the Local Pension Committee on voting, engagement, and stewardship activities of LGPS Central, LGIM and the Local Authority Pension Fund Forum, and developments on responsible investment matters.
- Implementation and further inclusion of actions positively correlated with broader Net Zero Climate Strategy through LGPS Central and other external managers to ensure the climate transition and physical risks are identified and managed through stewardship and/or asset allocation activities. Especially in regard to active equity portfolios. [LGPS Central are reporting RI matters undertaken in monitoring active equity portfolios.](#)
- Review the listed equity portfolio with the investment advisor taking into account the Net Zero Climate Strategy. [Agreed and discussed at April Investment Subcommittee, including allocation to new LGIM Low Carbon Transition fund. Further steps are needed to appoint a transition advisor to formalise the timeline and strategy agreed.](#)
- Work with appointed managers to understand how they are assessing, monitoring, and mitigating key transition and physical risks within material sectors. [Officers have now met with a number of key Managers to understand their processes with managing climate risk, a highlight of managers coverage and key challenges are set out in the December RI Update.](#)
- Working with LGPS Central to continue to develop climate reporting. [As part of the development of the Climate Risk Report this process is ongoing, alongside integration of sustainability and ESG reporting more generally.](#)
- Continue to engage companies highlighted in Climate Stewardship Report via our engagement partners including LGPS Central on companies and engagements selected. [LGPS Central are in the process of reviewing their approach to Stewardship which the Fund and partner funds are engaging with.](#)
- Exploration of potential codes/bodies (e.g., Stewardship Code 2020, Principles for Responsible Investment) for application. [Preparation for reporting against the Stewardship Code in early 2024 has begun. Given the expected review of the Stewardship Code, it may be prudent to delay this until a revised code is published which it is hoped will be more outcome and action orientated.](#)

The following RI Activities have also been undertaken:

- Communication of Local Authority Pension Fund Forum Voting Alerts to the Fund’s equity managers.

## Appendix A

- Discussion with investment managers on the extent of metrics available for reporting to the Fund and level of known or estimated data and the challenges of specific asset classes with reporting.
- The Pension Fund website has been updated with an overview of responsible investment and Climate Change considerations for the Pension Fund <https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/investments/>
- Review of the LGPS Central RI&E Framework and Voting Principles for 2023
- Oversight of best practice, policy papers, and news relating to RI. Including expected upcoming consultations on the LGPS, global attitudes towards RI and ESG, proposals on reporting on the Taskforce for Nature Related Financial Disclosures, and its social counterpart, and the Pensions Regulator TCFD review.
- Local Authority Pension Fund Forum presented to the Local Pension Committee and Local Pension Board on 13 June as part of Joint Training.
- Updated Pension Fund Annual Report to include RI and NZCS in a bitesize chunk.
- The Fund will look to take into account, and work with Hymans on their recommendations and views on reporting requirements for the Fund's protection portfolio following the July ISC. The Fund will await guidance on issues related to measurement of climate impact of its hedge.
- The Fund is exploring how it can improve communication with scheme members and employers in easily digestible formats in relation to climate change and the impact on the Fund, this communication is expected to be published following the Fund's AGM.

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