| **Cambridgeshire** |
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| Pension Fund |

**Cambridgeshire Pension Fund Investment Strategy Statement (ISS) Consultation**

**Background**

We’re required by Local Government Pension Scheme regulations to have an ISS that sets out our approach to investments that includes, amongst other things, our approach to Responsible Investment (RI). This includes our policy on how Environmental, Social and Corporate Governance (ESG) considerations are taken into account in investment decisions and active ownership.

In May 2021, we launched a consultation on our updated Investment Strategy Statement (ISS), which reflected a greater emphasis on RI.

Our revised ISS is the result of over 18 months’ work by the Fund’s Committee, Local Pensions Board and Fund Officers, with support from third party advisors.

**Consultation process & format**

We invited over 30,000 members to take part and we published a news article on our website to make sure we could capture the widest possible audience. We emailed members who had given us an email address and hadn’t opted out of electronic communications and also all scheme employers inviting them to respond to our consultation.

Respondents were asked to score questions on the following scale:
Strongly agree, Agree, Neutral, Disagree, Strongly disagree.

They were also able to add comments to support the scores given for each question.

**Results/feedback**

We had 195 responses from members and employers of which four responses were from scheme employers.

In summary, the outcome of the consultation was that:

* Scoring was supportive of our investment policies, with favourable scores for each question (strongly agree and agree) in the range 51% to 92%; negative scores (strongly disagree and disagree) were in the range 2% to 12%;
* 90% of respondents strongly agreed or agreed with the statement that ‘members of the Pension Committee have a duty to act in the best interests of scheme members in generating sustainable long-term returns on investments in order that benefits can be paid to members as and when they fall due’.
* Comments gave us useful insight to the scoring. For example, some scores in disagreement with the policies were because the respondent didn’t want to make any changes to investment policies to address RI issues;
* It was recognised that the ISS is a technical document written in technical language, but it would help the reader if the wording was clearer, and terminology explained better;
* There was strong approval for us to seek the highest investment returns to pay pensions. A minority qualified their scoring stating that seeking returns should not ignore ESG issues;
* Others commented that they didn’t want any change to strategy that might prejudice payment of the pensions that they had contributed to for so many years;
* Divestment (e.g. from fossil fuels) was mentioned a number of times as was the screening out of specific types of investment, e.g. armaments, multi-nationals who avoid tax, etc.;
* Some respondents requested more measurable actions with specific timescales.

**Independent review**

An external consultancy also conducted a review of the RI policies of the 11 partner ACCESS Funds, broken down into 5 areas: Governance, Investment approach, Implementation, Stewardship, Reporting.

**Conclusion**

In response to the consultation, independent review and feedback from the Pension Fund Committee and Local Pension Board, the following changes have been made to the ISS:

* A commitment is stated for our investments to have net-zero carbon emissions by 2050 (or earlier). Over the next 12 months (by December 2022) we’ll develop a credible plan with milestone dates to achieve this.
* No other substantive changes were made to the RI policy or other sections of the ISS arising from the consultation, but we made some refinements to wording to improve clarity following the feedback from the consultation and the independent review.

The revised ISS was approved by the Pension Fund Committee on 13 December 2021 and has been published on our website.