

## Investments Business Plan 2022/23

Item	Key in year deliverables	Aims	Support	Timescales
<b>Training</b>				
Continuous training of the Local Pension Committee	<ul style="list-style-type: none"> <li>• Officers to review training policy and training needs self assessment for members</li> <li>• Publicise the annual RI / stewardship meeting LGPS Central organise</li> <li>• Share details of quarterly LAPFF (Local Authority Pension Fund Forum) meetings with Members allowing opportunity to attend (virtually/in person)</li> <li>• New Members to have induction with relevant officer(s) and induction pack               <ul style="list-style-type: none"> <li>• Hymans training module 1 – intro to the LGPS</li> </ul> </li> <li>• Hymans training for all officers and members in 22/23:               <ul style="list-style-type: none"> <li>• Mod 2- LGPS Governance</li> <li>• Mod 4 – Funding and actuarial matters</li> <li>• Mod 5 - Investments</li> </ul> </li> <li>• Create plan for 23/24 based on self assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Training needs to understand individual requirements, officers to advise Member accordingly</li> <li>• To build RI understanding whilst developing Climate Strategy for the Fund</li> <li>• LAPFF highlight engagement success and progress as well as informing of new areas of RI.</li> <li>• Hymans online training to generally improve knowledge in the most important areas for Committee members and officers</li> </ul>	Training from external sources can include Hymans, LGPS Central, LAPFF, Funds investment managers	<ul style="list-style-type: none"> <li>• March 2023</li> </ul>

Policies				
<p>Deliver a comprehensive climate strategy for the Fund</p>	<ul style="list-style-type: none"> <li>• Officers to propose a workplan for approval</li> <li>• Recruit appropriate resource</li> <li>• Schedule meetings with members as needed to form direction of travel, improve understanding and make decisions</li> <li>• Climate strategy to include: <ul style="list-style-type: none"> <li>• Governance and strategy</li> <li>• Targets – long and medium term with review policy</li> <li>• How strategic asset allocation may be utilised to reach targets</li> <li>• Asset class alignment – includes setting goals of increasing AUM in asset classes aligned to achieving net zero</li> </ul> </li> <li>• implementation plan for the Climate Strategy</li> <li>• Consultation with employers and employees</li> <li>• Design and Publication of strategy</li> </ul>	<ul style="list-style-type: none"> <li>• To deliver a robust climate strategy in line with a recognised framework (IIGCC) that can be used to manage the carbon ambitions for the Fund.</li> <li>• To communicate to scheme members and interested parties.</li> </ul>	<p>External support / resource as required to be defined for selected workstreams, Hymans, LGPS Central, other external body or LCC resource</p>	<ul style="list-style-type: none"> <li>• Plan to be delivered in March 2022 with proposal</li> <li>• Draft strategy available for consultation in June for employers and employees</li> <li>• Implementation plan proposed following approval of a Climate Strategy</li> </ul>
<p>Update Investment Strategy Statement (ISS)</p>	<ul style="list-style-type: none"> <li>• Annual update of ISS to include changes from 2021 Strategic Asset Allocation review</li> <li>• Inclusion of approach to cash management</li> <li>• Include from Climate Strategy how investment strategy may be affected</li> </ul>	<ul style="list-style-type: none"> <li>• Annual refresh to set the parameters within which the Fund’s assets can be invested</li> </ul>		<ul style="list-style-type: none"> <li>• January 2023</li> </ul>

<b>Asset allocation</b>				
Enact the 2022 decisions from the Strategic Asset Allocation (SAA)	<ul style="list-style-type: none"> <li>• Perform asset class reviews for: <ul style="list-style-type: none"> <li>• Property,</li> <li>• infrastructure and</li> <li>• listed equity</li> </ul> </li> <li>• Create and propose implementation plan for associated outcomes</li> <li>• Enact other decisions as approved by the Committee in Jan 2022: <ul style="list-style-type: none"> <li>• Decision on Central targeted return product</li> <li>• Distressed debt opportunity</li> </ul> </li> <li>• Use of short duration products to 'park' excess cash</li> <li>• Develop the Funds rebalancing principles to approve during the year</li> </ul>	To complete Fund decisions proposed by Hymans and approved by Committee in Jan 2022	<ul style="list-style-type: none"> <li>• The Fund's investment advisor Hymans Robertson</li> </ul>	<ul style="list-style-type: none"> <li>• Property – April 2021</li> <li>• Infrastructure – July 2021</li> <li>• Listed Equity tbc pending outcomes from Climate Strategy</li> </ul>
Investment manager presentations	<ul style="list-style-type: none"> <li>• Four manager presentations covering 4 differing asset classes at Pension Committee. Infrastructure–(IFM), Active equities / Private Markets (Central), Passive equities / Timberland</li> <li>• Each manager to cover the following: <ul style="list-style-type: none"> <li>• ESG – e.g. how they identify, assess, and manage climate risks</li> <li>• Performance</li> <li>• Market outlook general &amp; their sector</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• To improve the Committee understanding of related mandate</li> <li>• Question manager on the ESG polices and performance versus mandate goals</li> </ul>		<ul style="list-style-type: none"> <li>• Investment managers TBC for committee meetings in March, June, September and November</li> </ul>
2023 Strategic asset allocation preparatory work	<ul style="list-style-type: none"> <li>• Produce 2023 investment strategy refresh, including: <ul style="list-style-type: none"> <li>• climate strategy proposals</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• To provide the Fund the right level of return taking into account all</li> </ul>	<ul style="list-style-type: none"> <li>• The Fund's investment advisor Hymans and any</li> </ul>	<ul style="list-style-type: none"> <li>• The SAA is normally delivered for</li> </ul>

	<ul style="list-style-type: none"> <li>• March 2022 actuarial fund valuation</li> <li>• Asset class reviews</li> </ul>	risks, assets and liabilities	third party with respect to Climate strategy	approval at the January Local Pension Committee meeting
<b>Valuation</b>				
Triannual valuation	<ul style="list-style-type: none"> <li>• Update the Committee on progress with the Fund's valuation</li> <li>• Invite Hymans and Vita (longevity analysis) to Committee during the year</li> <li>• Revised funding Strategy, including new employer rates for consultation and approval</li> </ul>	<ul style="list-style-type: none"> <li>• To update and decide on key assumptions</li> </ul>	<ul style="list-style-type: none"> <li>• Hymans Robertson, Club Vita</li> </ul>	<ul style="list-style-type: none"> <li>• During 2022</li> </ul>
<b>Reporting</b>				
Reporting	<ul style="list-style-type: none"> <li>• Review volume of information the Committee receives. Manager reports, for example add a fair proportion to the overall size of the pack.</li> </ul>	<ul style="list-style-type: none"> <li>• To improve the effectiveness of Committee meetings</li> </ul>		<ul style="list-style-type: none"> <li>• During 2022</li> </ul>
2022/23 RI Plan	<ul style="list-style-type: none"> <li>• Include recommendations from climate risk reports 21/22 and 22/23 into the RI plan: Updating of the governance policy statement to explain how climate risks are governed</li> <li>• Develop climate strategy and communication of climate risks</li> <li>• Consider reporting against the stewardship code</li> </ul>	<ul style="list-style-type: none"> <li>• To be compliant with the recommendations from the Fund's TCFD report</li> <li>• Improve appreciation of climate risks from the 3<sup>rd</sup> iteration of the report</li> <li>• Improve the measurement of carbon metrics by investigating</li> </ul>	<ul style="list-style-type: none"> <li>• LGPS Central</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Risk report to be delivered during the second half of the year, usually November</li> </ul>

	<ul style="list-style-type: none"> <li>• Review as part of the FSS the extent to which climate risks could affect other risks noted in the FSS</li> <li>• Implementation of the approved climate strategy (multi-year activity)</li> <li>• Reporting against the Fund’s TCFD (taskforce on climate financial disclosures) recommendations which will include various disclosures covering the following: <ul style="list-style-type: none"> <li>○ Governance</li> <li>○ Strategy</li> <li>○ Risk management</li> <li>○ Metrics and targets</li> </ul> </li> <li>• Deliver the third climate risk report for the Fund</li> </ul>	<p>how previously uncalculated asset classes could be measured.</p>		
<p>LGPS Central</p>	<ul style="list-style-type: none"> <li>• Update Committee with Shareholder and customer activity with respect to actions or decisions taken at the Joint Committee and Company (central) meetings</li> </ul>	<ul style="list-style-type: none"> <li>• In line with good governance of the Fund</li> </ul>		<ul style="list-style-type: none"> <li>• As appropriate through 2022/23</li> </ul>