

Scheme Member Responsible Investment Survey

August 2021



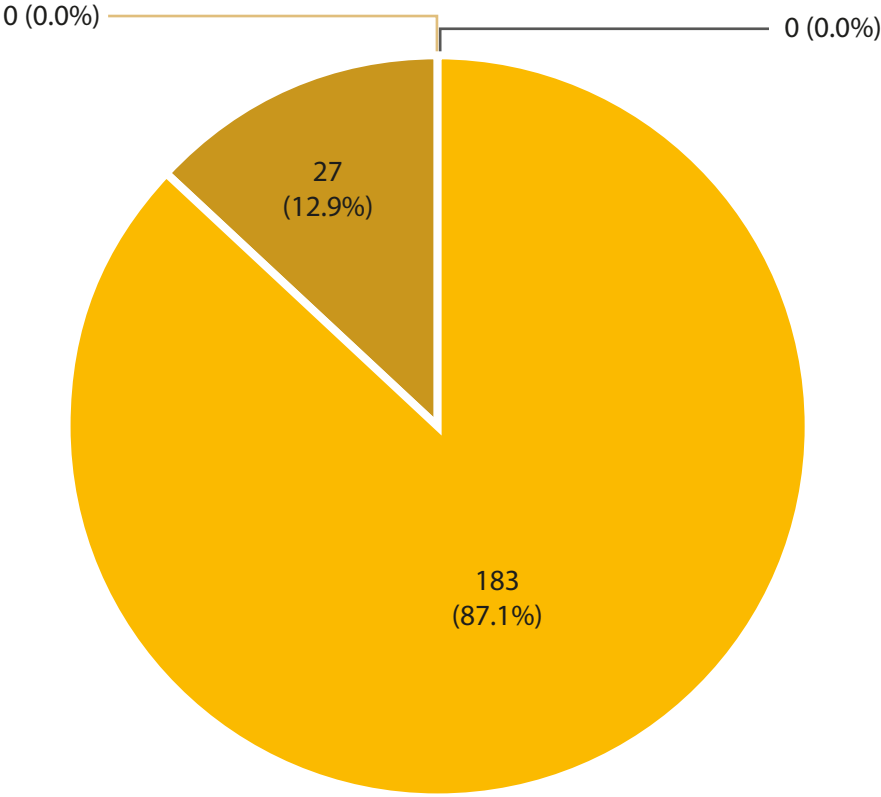
Cornwall
Pension
Fund

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“Aspire to be at the forefront of responsible investment practice.”

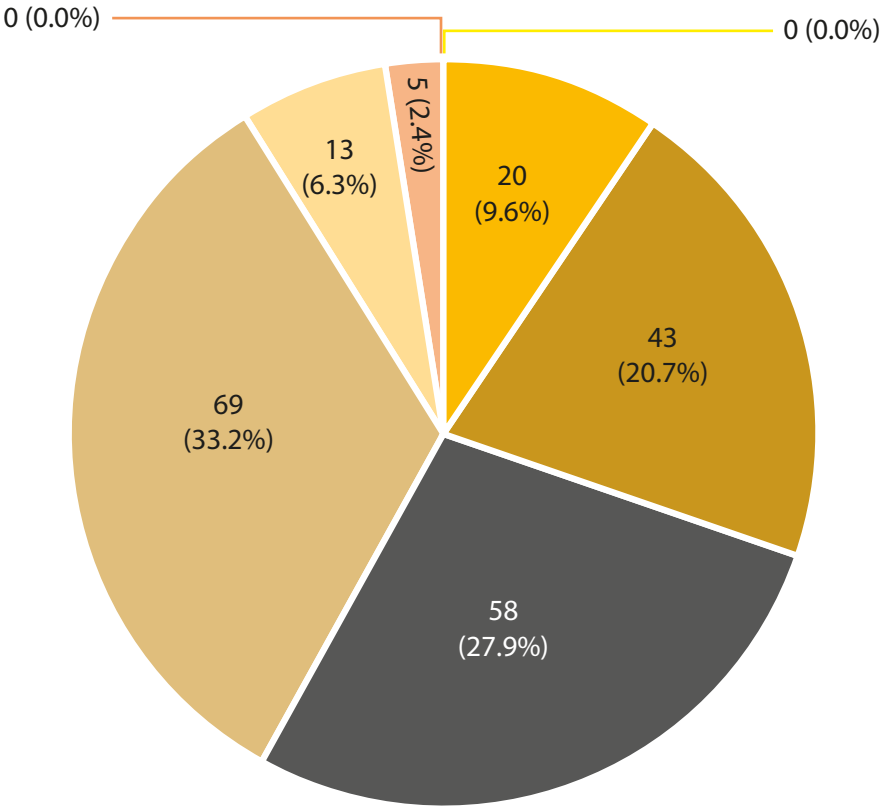
Which of the following best describes the type of scheme member you are?



Question options

- I am currently a contributing member of the Cornwall Pension Fund
- I am currently receiving my pension from the Cornwall Pension Fund
- I previously contributed to the Cornwall Pension Fund, but am no longer contributing
- I have never been a member of the Cornwall Pension Fund

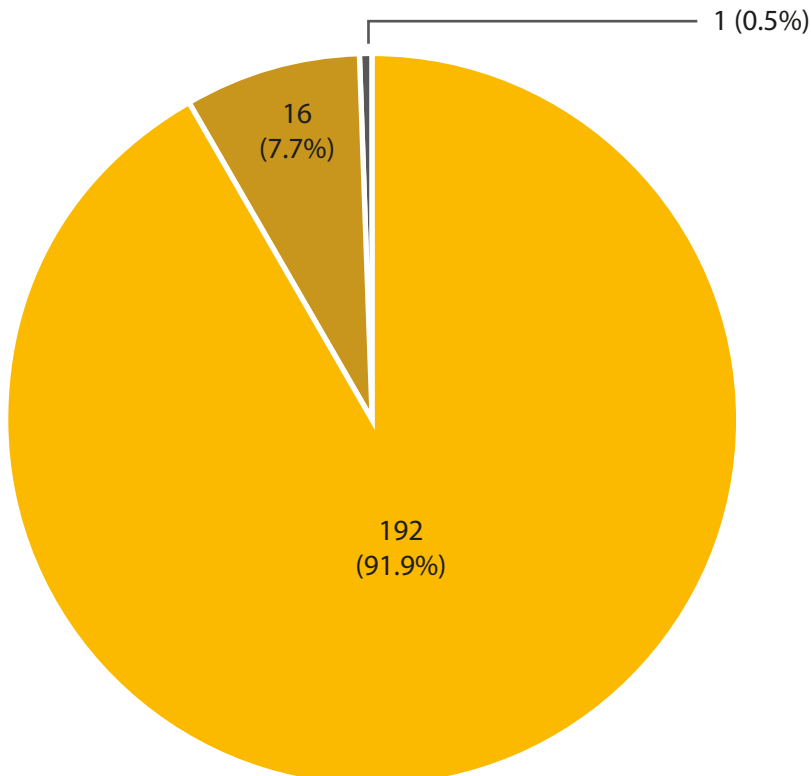
What is your age?



Question options

- 26-35
- 36-45
- 46-55
- 56-65
- 66-75
- over 75
- under 25
- prefer not to say

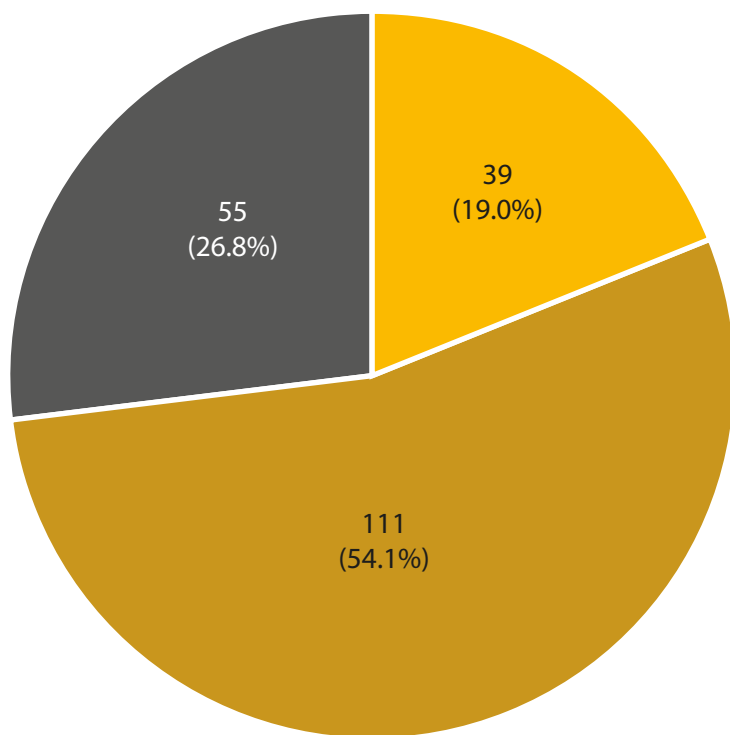
Do you live in Cornwall?



Question options

- Yes
- No
- Prefer not to say

What level of understanding do you have of Responsible Investment?



Question options

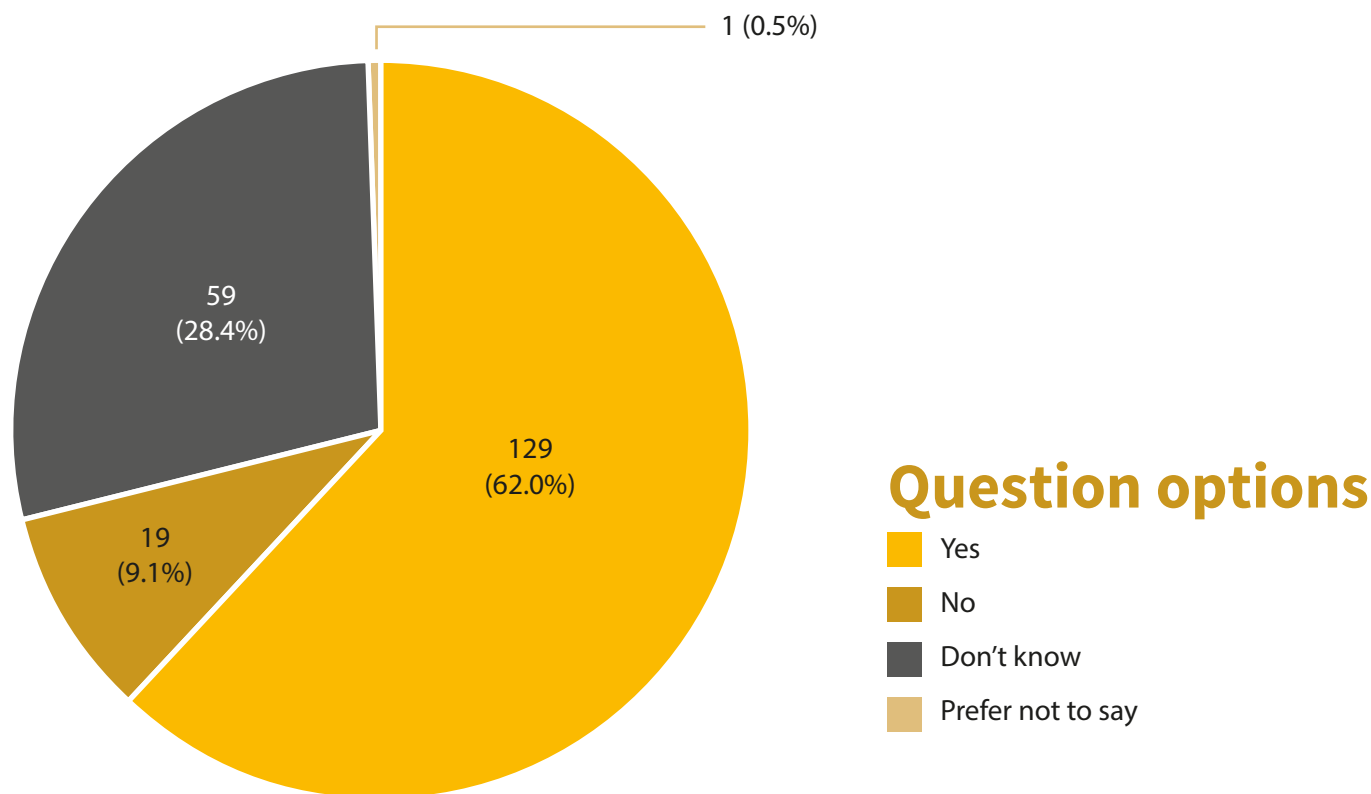
- No understanding
- Partial understanding
- Good understanding

Responsible investment is an investment strategy which integrates Environmental, Social, and Governance (“ESG”) factors into investment analysis and decisions. It recognises that ESG factors can have an impact on the financial value of an investment and also that investments have an impact on the world around us.

The Cornwall Pension Fund’s Pensions Committee (“Committee”) has a fiduciary duty to act in the best interest of its members. To do this effectively the Committee recognises the importance of managing ESG issues, including climate change, that are financially material to the Fund, both in terms of opportunities and risks. What is more, there is a growing urgency with respect to long-term sustainability issues, particularly climate change. Therefore, it is imperative that ESG considerations and active ownership are integrated throughout investment processes and that they are taken into account as part of funding and investment strategy setting.

The Fund has made significant progress over the last 12 months in evolving its policies on Responsible Investment and climate change. We are continuing to focus on this as a key area for the Fund and aspire to be at the forefront of responsible investment best practice. Further details can be found in the Fund’s [Responsible Investment Policy](#).

Do you believe that climate change will present a financial risk to investments in your lifetime?



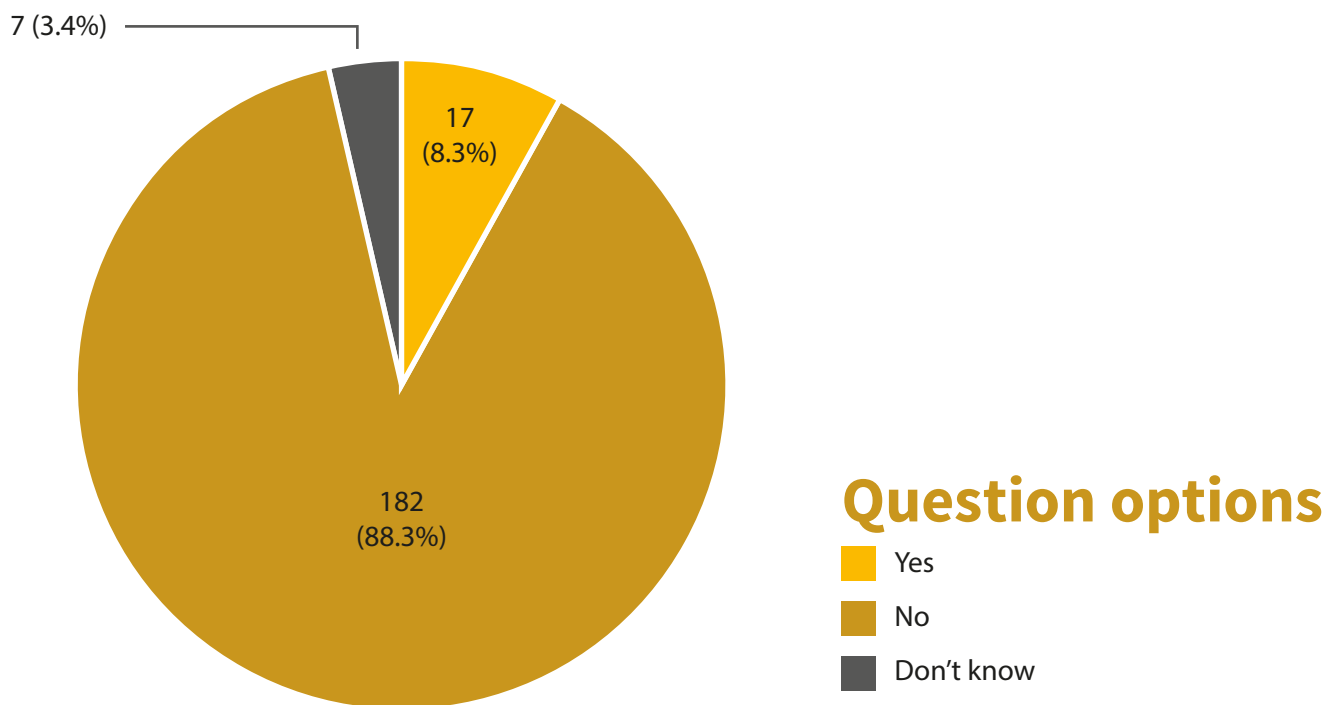
As detailed in the Fund's [Responsible Investment Policy](#), the Pensions Committee holds the following climate change belief:

“Climate change presents a systemic and material risk to the ecological, societal and financial stability of every economy and country on the planet, and therefore will impact our beneficiaries, employers, and our investment portfolio.”

Therefore, the Fund believes that investing to support the Paris Agreement goals, to keep a global temperature rise this century to well below 2°C relative to pre-industrial levels, is entirely consistent with securing long-term financial returns and is aligned with the best long-term interests of our beneficiaries, employers, and our portfolio holdings.

In addition, the Fund became a signatory to the IIGCC Net Zero Asset Owner Commitment and was in the first wave of signatories to this new commitment when it launched in March 21. More information on this commitment can be found on page 16 of this report.

Are you aware of the Brunel Pension Partnership – the LGPS asset pool to which the Cornwall Pension Fund belongs?



Brunel Pension Partnership Limited (Brunel) is one of eight national Local Government Pension Scheme Pools, bringing together more than £35 billion of investments of 10 likeminded funds.

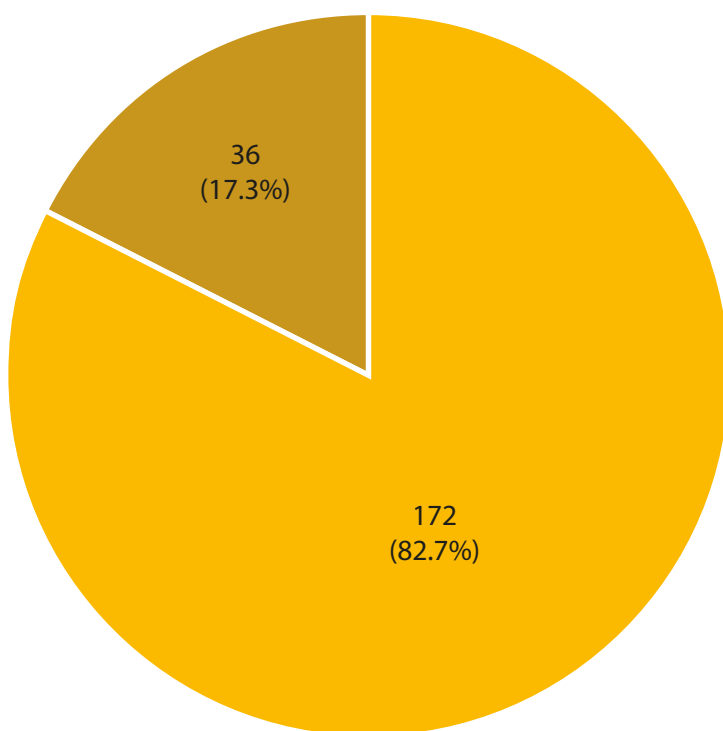
As asset owners, the Fund sets its asset allocation and investment strategy. Since the introduction of pooling across the Local Government Pension Scheme, the Fund is no longer responsible for fund manager selection. This process is now handled by Brunel, who manage our investments in line with our strategic objectives. Brunel was formed in July 2017, and Cornwall, along with 8 other local authorities and the Environment Agency, each own 10%. The 10 funds and the operator, Brunel Ltd, have a mutual commitment to building a financial system which is fit for a low carbon future and feel this commitment is pivotal to driving change together.

The Brunel Pension Partnership Investment Principles and its supporting responsible investment policies clearly articulate Brunel's commitment, and that of each Fund in the Partnership and its operator (Brunel Ltd), to be responsible investors and as such recognise that ESG considerations are part of the process in the selection, non-selection, retention and realisation of assets. One of the potential principal benefits, outlined in the Brunel Pension Partnership business case, achieved through scale and resources arising from pooling, is the improved implementation of responsible investment and stewardship.

Brunel has published its Responsible Investment Policy Statement and other related policies, which lay out its approach in more detail. More information is on the Brunel website

<https://www.brunelpensionpartnership.org/>

Is it important to you that your Fund seeks to influence the behaviour of the wider financial community to bring about better environmental, social, and financial outcomes?



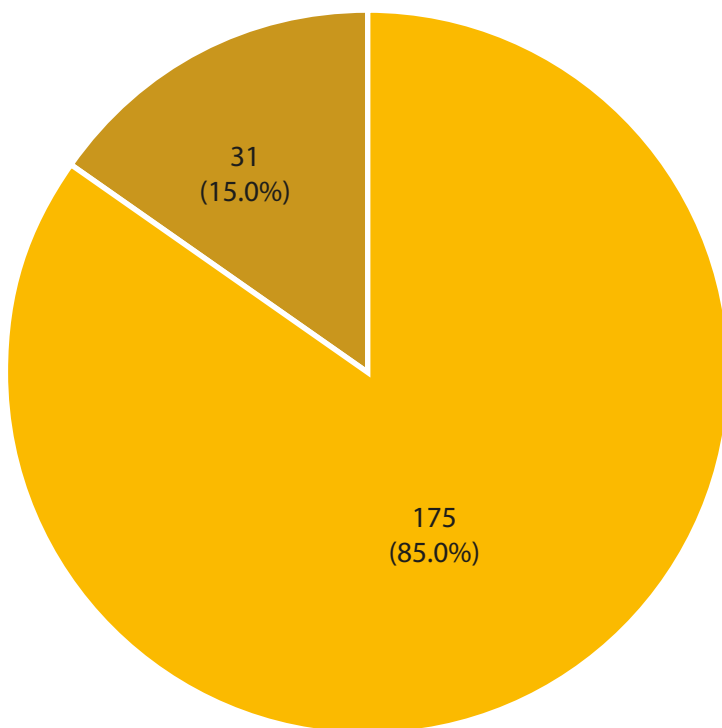
Question options

- Important
- Not important

One of the potential benefits of pooling, achieved through the scale and resources arising from pooling, is the improved implementation of stewardship practices. With the support of the Cornwall Pension Fund and the other partner funds, Brunel has been using its influence to press for improved stewardship at external investment managers and has been actively involved in government consultations and other initiatives in the area. The Partnership and Brunel Ltd will seek to deliver best practice standards in responsible investment and stewardship in terms of company engagement as outlined in the Brunel Pension Partnership Investment Principles. More information is available on the website www.brunelpensionpartnership.org

In addition, the Fund recognises the importance of collaboration with other investors to achieve more effective and wider reaching outcomes. In this respect, the Fund is a member of the Local Authority Pension Fund Forum (“LAPFF”) which aims to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. Further details can be found on their website www.lapfforum.org

Is it important to you that your Fund seeks to influence the behaviour of the individual companies in which it invests to bring about better environmental, social, and financial outcomes?



Question options

- Important
- Not important

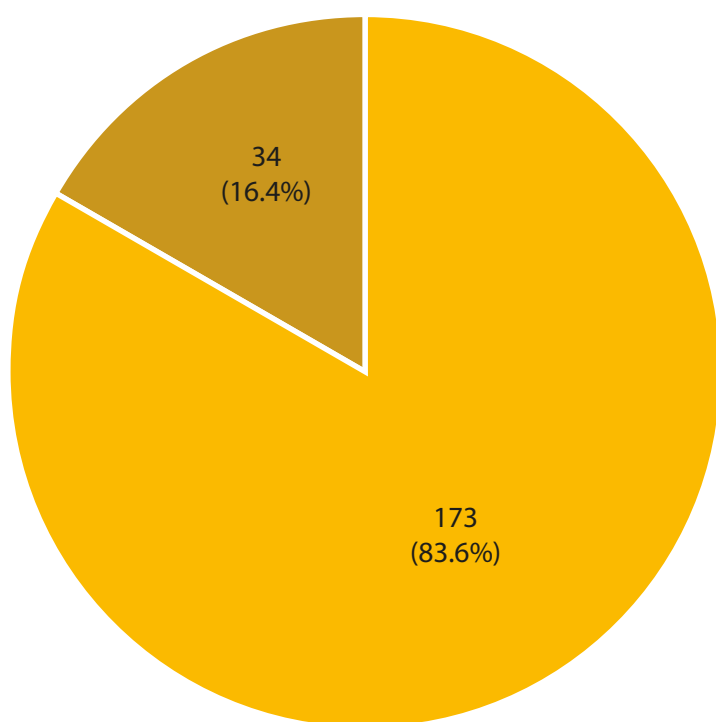
Brunel’s manager selection process is central to the effective implementation of the partnerships Responsible Investment, Stewardship and Climate policies. Managers must be able to clearly demonstrate how Environmental, Social, and Governance (“ESG”) is embedded into their investment process.

Fund Officers review developments in ESG processes, and any relevant ESG data with its fund managers as a standing agenda item in all manager meetings. Officers also assess investment managers’ approaches to ESG integration and stewardship using our Investment Consultant’s ESG ratings, where applicable. Where managers are lagging behind their peers, they will be engaged and encouraged to improve.

The Committee fully supports and actively encourages Brunel’s commitment to working with managers in asset classes and strategies where ESG integration is less well developed (for example multi-asset credit and private debt) and to improve this over time through better practices and product innovation, using its scale, knowledge, and influence to help drive change.

Hermes Equity Ownership Services (EOS) are the Partnership’s engagement and voting services provider. This enables a wider coverage of assets and access to further expertise across different engagement themes. The voting and engagement with companies done on behalf of the Fund is published quarterly on the Fund’s website: [🗳️ Voting and engagement](#)

Is it important to you that the Cornwall Pension Fund invests in sustainable assets and seeks to reduce the carbon intensity of its portfolios?



Question options

- Important
- Not important

As part of our climate change commitments, made in our [Responsible Investment Policy](#):

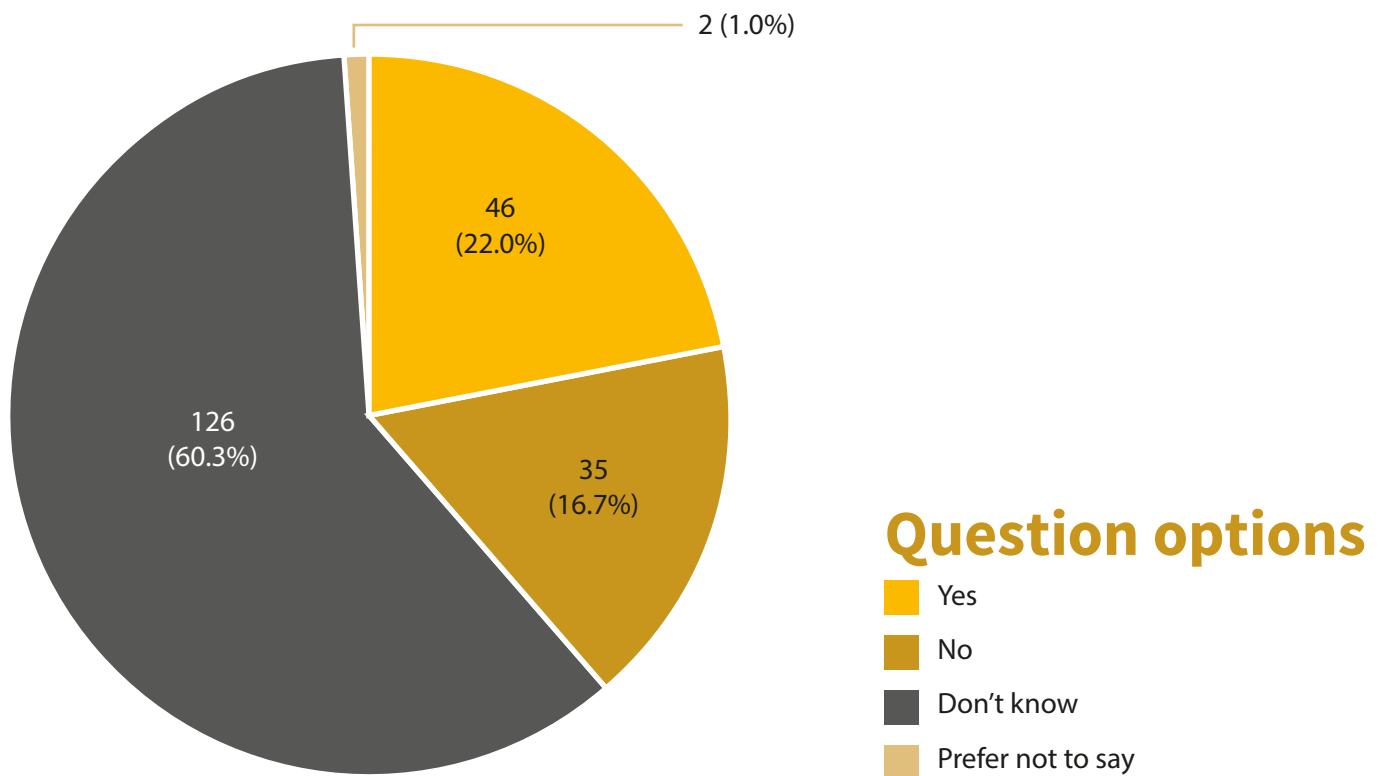
We are committed to:

- Investing at least 15% of our portfolio in sustainable and low carbon investments by 2022.
- Decarbonising our portfolio:
 - We will seek a carbon intensity improvement of at least 7% year-on-year in our listed equity portfolios. This will equate to over 20% lower carbon intensity than the benchmark by 2022.
 - We will also track and monitor (and report on) the fossil fuel exposure within our equity portfolio held with Bruneland are committed to this being materially lower than the benchmark.

During the year, the Fund has made good progress towards meeting these commitments by investing £272 million in the Brunel Global Sustainable Equity portfolio. The Global Sustainable Equities Fund is a listed equity portfolio in which Environmental, Social and Governance (ESG) considerations are at the forefront of the investment process, and where the managers positively pursue companies that will provide a benefit to society.

In addition, the Fund has seen a significant reduction in the carbon intensity of its listed equity portfolios. More information can be found in the Fund's Responsible Investment Outcomes report, which can be viewed here: [Responsible Investment](#)

Do you believe the Cornwall Pension Fund considers its members' views when deciding how to invest its money?

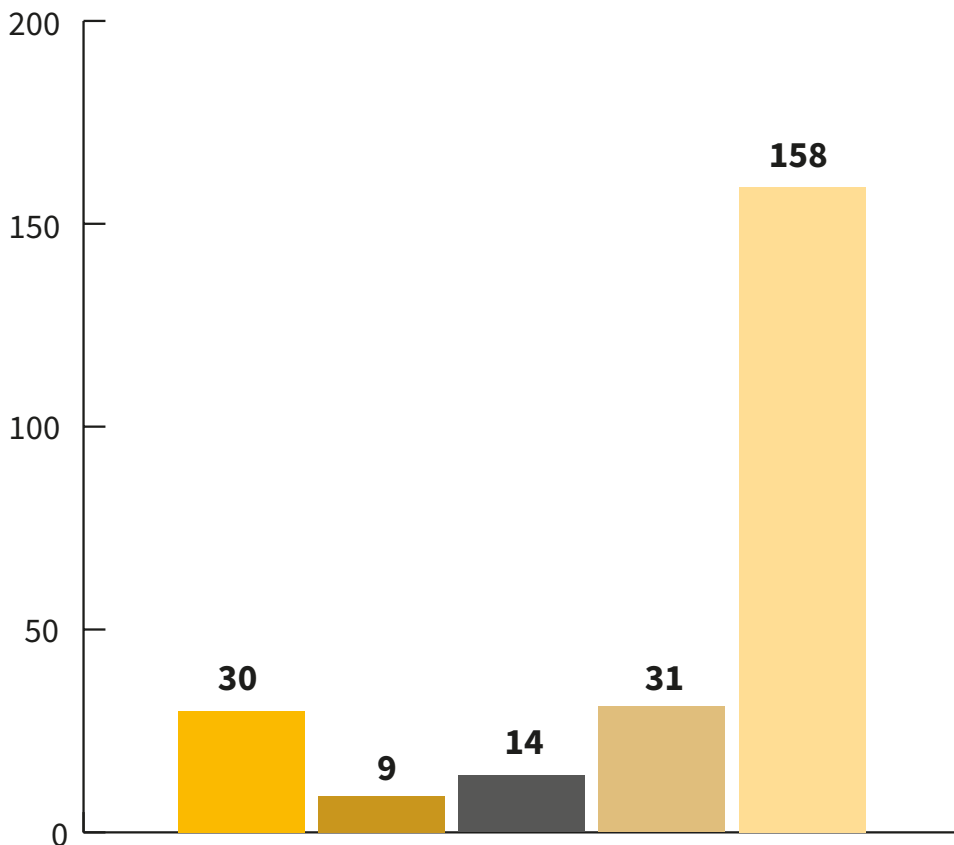


The Cornwall Pension Fund's Pensions Committee ("Committee") has a fiduciary duty to act in the best interest of its members.

The Fund's Pensions Committee and Local Pension Board both have Employer and Employee Representatives as members, to ensure membership representation. Representatives play an important part in the governance and administration of the Fund, taking into account the views of the Scheme Members.

In addition, the Fund is working hard on improving member engagement with regards to its investments and, in particular, responsible investment. This will allow the Fund to better understand the views of Scheme members on issues such as climate change. The feedback from this engagement will be taken into account when we conduct our annual review of the Fund's Responsible Investment Policy. It will also allow the Fund to establish the best way to communicate with its members on the progress the Fund is making with regards to responsible investment. We will be engaging with our members in this way on an annual basis, and hope to have a year-on-year increase in the number of members who participate.

Which of the following are you aware of?



Question options

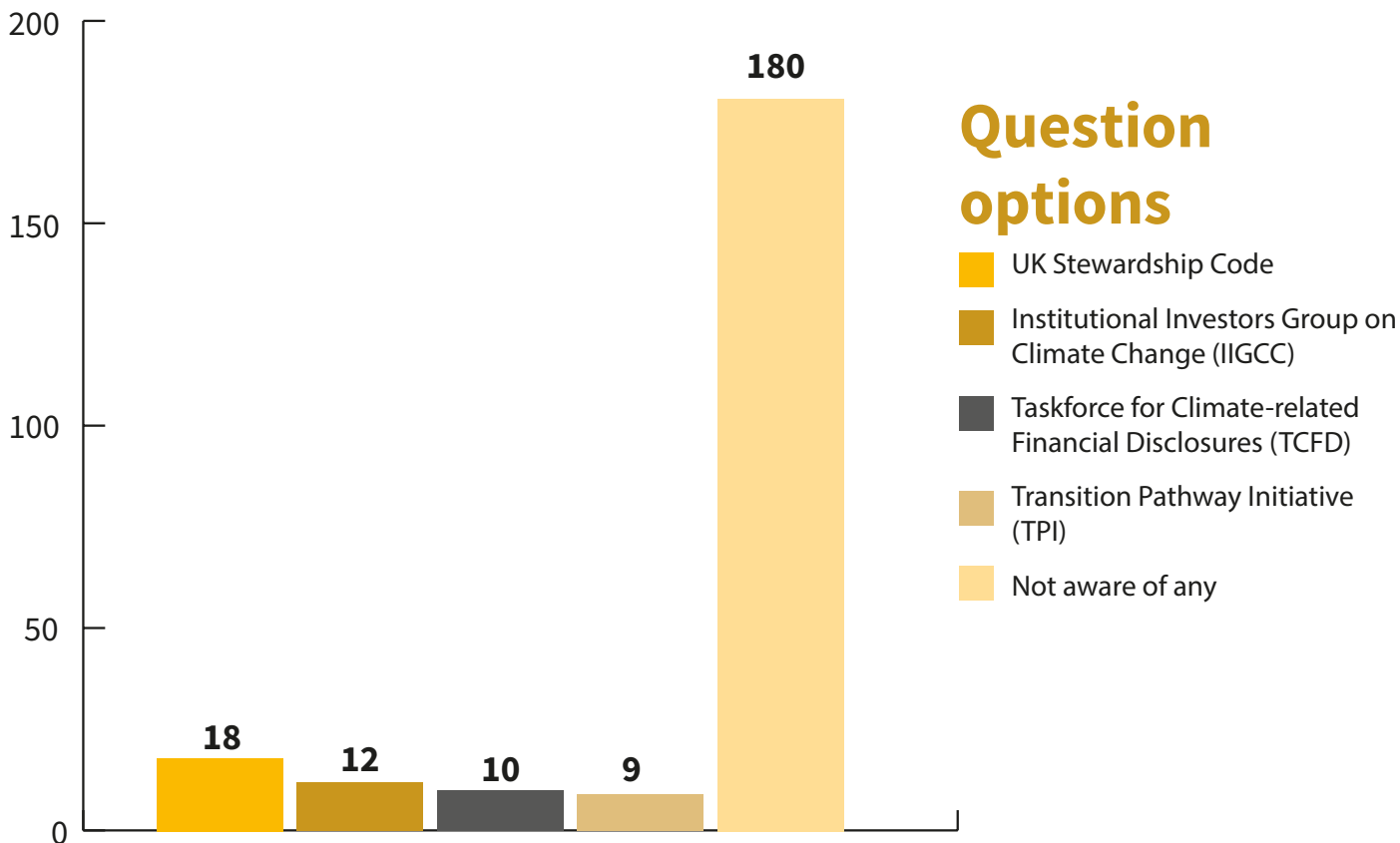
- Cornwall Pension Fund Responsible Investment Policy
- Cornwall Pension Fund Responsible Investment Outcomes Report
- Our responsible investment targets/commitments
- Our ambition for increased member engagement
- Not aware of any

The Fund has a **🔗 Responsible Investment Policy**. This policy sets out the Committee’s approach to RI and details the actions the Committee, Brunel Pension Partnership (“Brunel”), and other external providers take on behalf of the Fund’s members and other stakeholders, to enhance long-term risk adjusted returns and protect the Fund from ESG and reputational risks. The Policy also includes the Fund’s responsible investment targets and commitments.

The Fund also publishes an annual **🔗 Responsible Investment Outcomes Report**. This report details the work the Fund has done over the course of the year to meet its ambition to be at the forefront of responsible investment best practice.

In addition, the Fund is working hard on improving member engagement with regards to its investments and, in particular, responsible investment. This will allow the Fund to better understand the views of Scheme members on issues such as climate change. The feedback from this engagement will be taken into account when we conduct our annual review of the Fund’s Responsible Investment Policy. It will also allow the Fund to establish the best way to communicate with its members on the progress the Fund is making with regards to responsible investment. We will be engaging with our members in this way on an annual basis, and hope to have a year-on-year increase in the number of members who participate.

Which of the following are you aware of?



UK Stewardship Code 2020

The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Officers will work hard to ensure that the Fund produces a report that meets the requirements of the Financial Reporting Council's (FRC) UK Stewardship Code, and thus becomes a signatory to the Code.

The Institutional Investors Group on Climate Change (IIGCC)

The Cornwall Pension Fund is a member of the Institutional Investors Group on Climate Change.

The Institutional Investors Group on Climate Change ("IIGCC") is the European membership body for investor collaboration on climate change and the voice

of investors taking action for a prosperous, low carbon future. IIGCC has more than 300 members, mainly pension funds and asset managers, across 22 countries, with over €37 trillion in assets under management.

IIGCC's mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and fellow investors. IIGCC works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change.

In March 2021 Cornwall Pension Fund became one of the first signatories of the IIGCC's Net Zero Investor Framework (NZIF). The framework offers investors support in ensuring their portfolios are aligned with net-zero emissions. By doing so, it underlines the commitment of all signatories to work in a comprehensive manner to help deliver on the goal of the Paris Climate Agreement to keep global warming below 1.5°C.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Fund is also a supporter of the Task Force on Climate-Related Financial Disclosures (“TCFD”).

The Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (“TCFD”) will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

The Task Force will consider the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries.

The work and recommendations of the Task Force will help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors’ needs.

Transition Pathway Initiative (TPI)

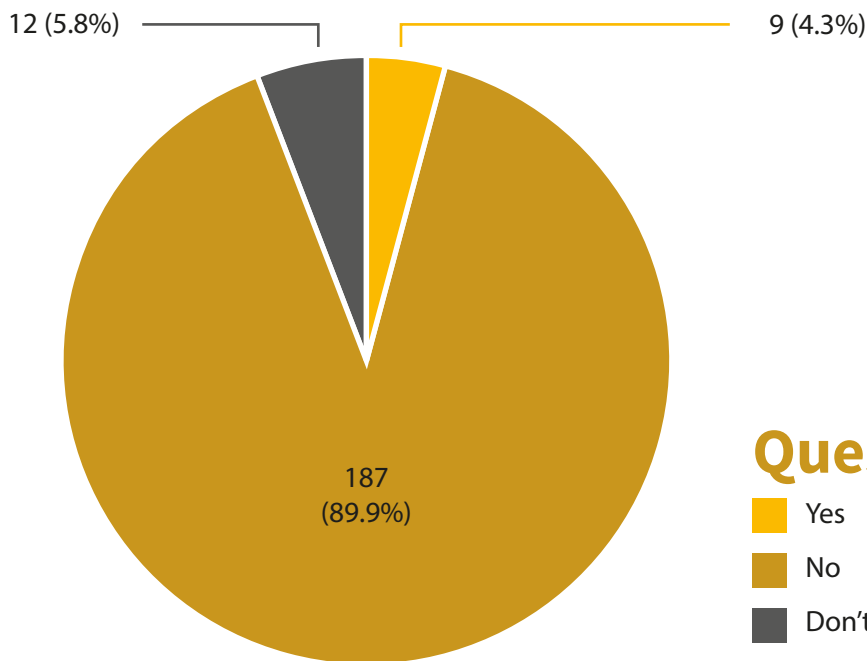
The Fund is a supporter of the Transition Pathway Initiative (“TPI”).

The Transition Pathway Initiative is a global initiative led by asset owners and supported by asset managers. Aimed at investors and free to use, it assesses companies’ preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. Launched in 2017, it is rapidly becoming the ‘go-to’ corporate climate action benchmark.

TPI provides robust, independent research which empowers investors to assess the alignment of their portfolios with the goals of the Paris Agreement and to drive real world emission reductions through our actions. Asset owner led, the Transition Pathway Initiative is the leading corporate climate action benchmark.



Are you aware the Fund has signed up to the IIGCC Net Zero Commitment?



Question options

- Yes
- No
- Don't know

IIGCC Net Zero Investment Framework

In keeping with the Fund's Responsible Investment Policy, and the aspiration of the Fund to be at the forefront of responsible investment best practice, the Fund became a signatory to the IIGCC Net Zero Asset Owner Commitment and was in the first wave of signatories to this new commitment when it launched in March 21. The Commitment reads as follows:

Commitment

As asset owners with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge governments to implement the actions that are needed to achieve the goals of the Agreement, with utmost urgency.

Recognising the need to address the risks that investors and their beneficiaries face from climate change, investors are taking action on climate change,

but we acknowledge that there is an urgent need to accelerate the transition towards global net zero emissions and play our part in helping deliver the goals of the Paris Agreement.

In this context, my institution commits to the following consistent with our fiduciary obligations:

1. Transitioning our investments to achieve net-zero portfolio GHG emissions by 2050, or sooner.
2. Implementing this commitment with the aim of achieving real economy emissions reductions and undertaking a comprehensive set of actions available to investors, drawing on the Paris Aligned Investment Initiative's Net Zero Investment Framework.
3. Setting objectives and targets, including an interim target for 2030 or sooner for reducing Scope 1, 2 and 3 emissions associated with our portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C.

4. Where offsets are necessary where there are no technologically and/or financially viable alternatives to eliminate emissions, investing in long-term carbon removals.
5. Ensure any direct and collective policy advocacy we undertake supports policy and regulation relevant for achieving global net zero emissions by 2050 or sooner.
6. Implementing a stewardship and engagement strategy, with clear voting policy that is consistent with an objective for all assets in the portfolio to achieve net zero emissions by 2050 or sooner.
7. Engaging with asset managers, credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that funds, products and services available to investors are consistent with achieving global net zero emissions by 2050 or sooner.
8. Setting a target and reducing our operational (Scope 1 and 2) emissions in line with achieving global net zero emissions by 2050, or sooner.
9. Disclosing objectives and targets, and publishing a clear Investor Climate Action Plan for achieving these goals as soon as possible, no later than one year from making this commitment, and reviewing and updating targets every five years or sooner.

10. Reporting annually on the strategy and actions implemented and progress towards achieving objectives and targets, and in line with TCFD recommendations on climate financial risk.

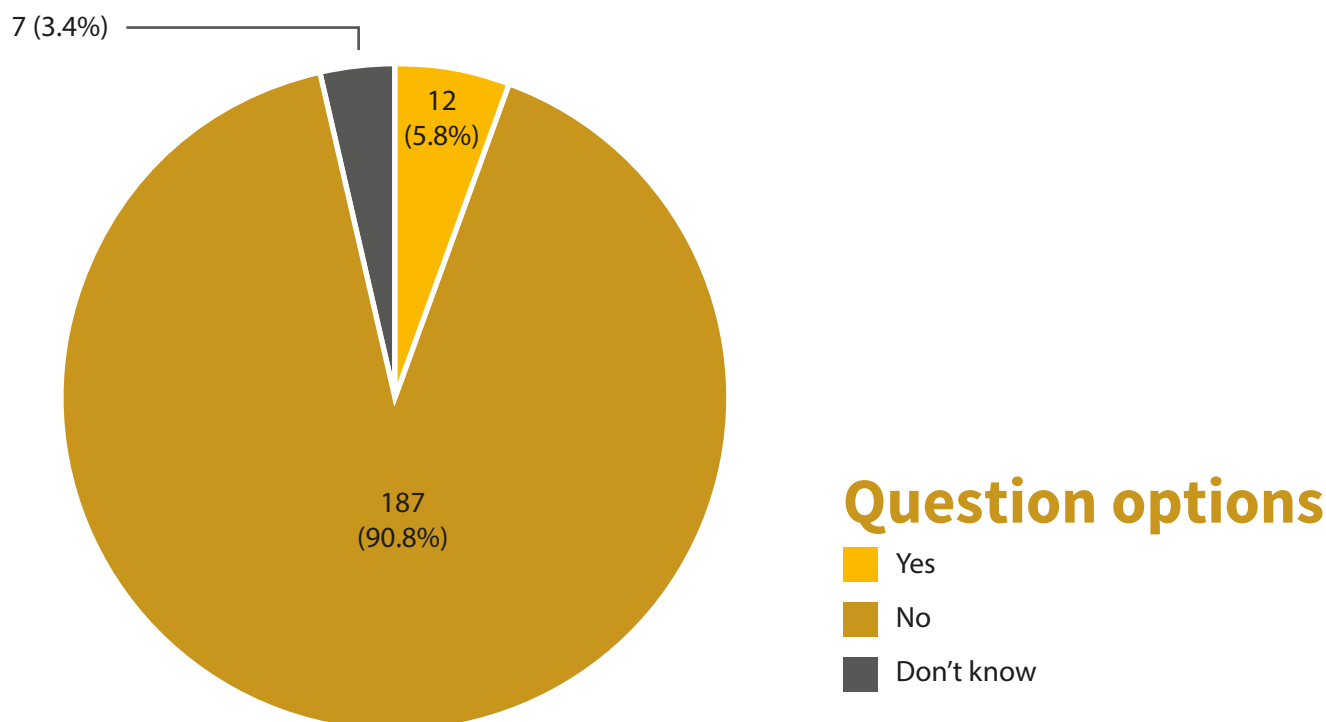
This commitment recognises that investors across the globe have different opportunities, constraints and starting points for achieving net zero emissions and there are a range of methodologies and approaches available to investors to set targets and implement strategies. In some asset classes or for some investment strategies, agreed net zero methodologies do not yet exist. We will therefore work to address these challenges, including through the Paris Aligned Investment Initiative.

This commitment is based on the expectation that governments and policy makers will deliver on commitments to achieve the 1.5°C temperature goal of the Paris Agreement, and in the context of fulfilling our fiduciary obligations.

Further details of the initiative can be found in the IIGCC press release at: [🔗 IIGCC Net-Zero](#)



Are you aware of the work that Brunel does in engaging with companies, industries, and policy makers on responsible investment?



Brunel are global investors and apply their principles of good stewardship globally. They are strong advocates of the benefits of global stewardship codes to improve the quality of stewardship, and when updates are made aim to adopt best practice. As a UK-based investor, Brunel's key reference points are the UK Stewardship Code 2020 and UK Corporate Governance Code and guidance produced by UK industry bodies, for example, the British Venture Capital Association (BVCA – private equity) RI toolkit.

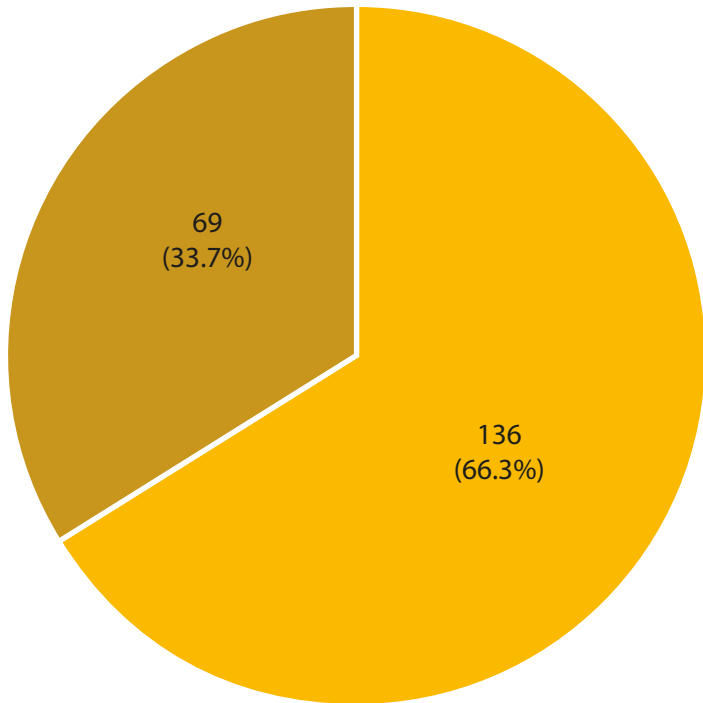
Brunel are committed to supporting policy makers, regulators and industry bodies in the development and promotion of the codes and supporting guidance. They publicly disclose all of their consultation responses on their website:

[🔗 Policy Advocacy - Brunel Pension Partnership.](#)

Brunel publishes an annual [🔗 Responsible Investment and Stewardship Outcomes Report](#) which is intended to meet the best practice requirements of the UK Stewardship Code 2020 and support Brunel's compliance with the Shareholder Rights Directive II.

Brunel is a signatory of the UN-backed Principles for Responsible Investment (PRI) and we align our practices and processes to their six principles. We support the belief that stewardship is the most powerful tool investors have at their disposal to align our economy and society with the interests of beneficiaries and wider stakeholders.

Are you aware that the Cornwall Pension Fund has its own website?



Question options

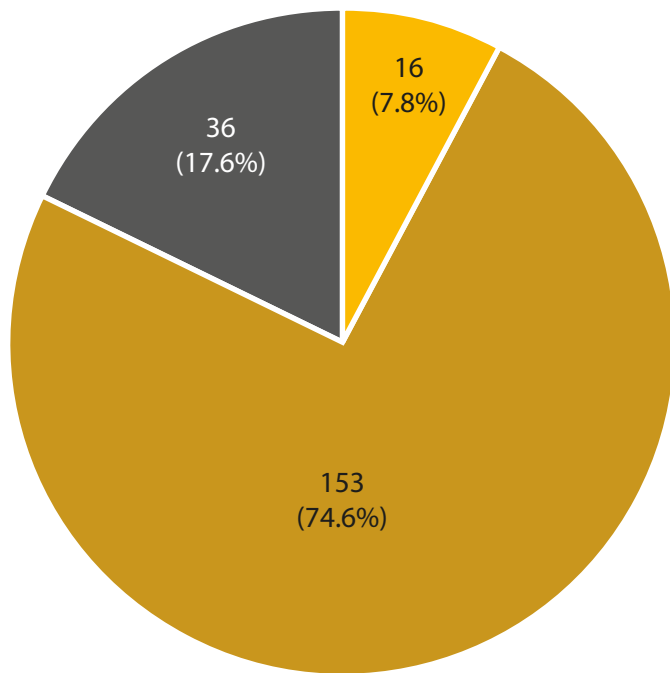
- Yes
- No

The Fund has its own website at www.cornwallpensionfund.org.uk, which is the Fund's primary method of communication with its members. The website contains a wealth of information on the Pension Fund, including information on the governance of the Fund and the Fund investments, including responsible investment.

With regards to investments and responsible investment; we are constantly looking for ways to enhance the reporting and information we provide on the website, to ensure that members are kept up to date with all of the good work the Fund is doing on behalf of members.

In addition to the website, information from quarterly Pensions Committee meetings is published online at: [Pensions Committee](#)

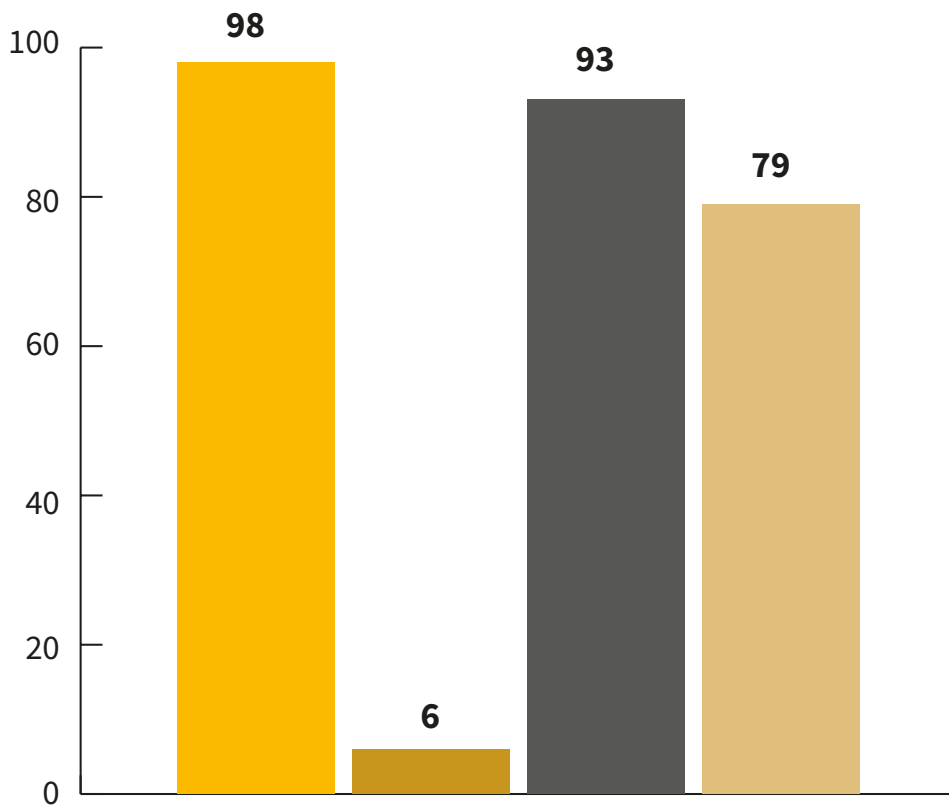
Have you seen any communications on our responsible investment approach?



Question options

- Yes
- No
- Don't know

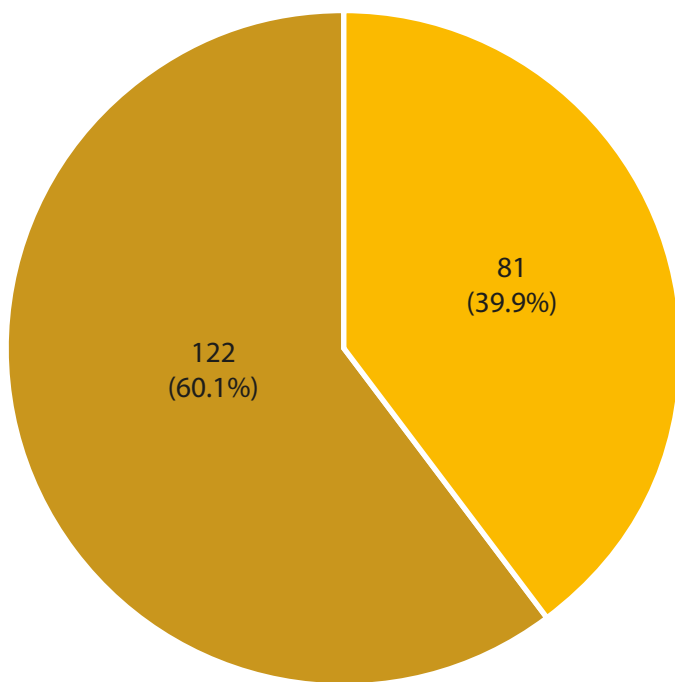
Via what methods would you prefer to receive responsible investment communications?



Question options

- Cornwall Pension Fund Website
- Twitter
- Existing postal communications
- Other

The Cornwall Pension Fund is keen to further develop its member communications – would you be interested in helping us further?



Question options

- Yes
- No



Contact us

For more information please call us on:

01872 324432

Or email us at:

pension.investments@cornwall.gov.uk

If you would like this information in another format or language please contact:

Cornwall Council, County Hall,
Treyew Road, Truro, TR1 3AY

e: **equality@cornwall.gov.uk**

t: **0300 1234 100**