

Impact Investing Principles for Pensions – Annual Statement of Recommitment

Adopting the Impact Investing Principles for Pensions requires that SYPA commit on an annual basis to:

1. seek investment advice on an impact investing approach for our pension fund;
2. review environmental, social and governance impacts across our investment portfolio; and
3. consider available impact investment strategies.

The Authority undertakes to continue to follow these principles and in the last 12 months has undertaken the following activity:

Advice on an Impact Investing approach for our Pension Fund

The Authority does not retain an investment consultant but uses independent advisers to assist it in shaping and delivering its investment strategy, although investment consultants are used for specific projects. The advisers have been instrumental in supporting the following during the year:

- Assisting in thinking on how the Authority should address the emerging requirements around the “levelling up” agenda which is looking for LGPS funds to achieve impacts in relation to the various “levelling up” missions.
- Contributing to the development of a revised strategic asset allocation and the identification of elements of the allocation intended to make a positive impact in terms of climate.

Review of environmental, social and governance impacts across our investment portfolio

In addition to the “whole portfolio” analysis of impact on people and planet developed with Minerva which was published during the year and will be updated during 2023/24 the Authority supported pilot work to develop a reporting framework for place based impact investment the results of which were included in the 2021/22 Annual Report and this exercise will be extended across more of the portfolio in future years’ reports.

Consider available impact investment strategies

In relation to the element of the portfolio intentionally held to achieve an impact as well as a return the Authority has during 2022/23:

- Continued to develop out its portfolio of local development loans with a current commitment of £112m across 8 active loans with a pipeline of c£70m across 7 projects.
- Committed funds to 2 impact focussed real estate funds which will be drawn in the first part of 2023/24.
- Run a Member Working Group to develop the Authority’s impact priorities and how they relate to available investment opportunities in response to the Government’s announcement that LGPS funds will be required to have a plan to address the levelling up agenda.
- Agreed as part of the scheduled review of the Investment Strategy to carve out a specific allocation for local/impact investments to address the “levelling up” agenda priorities identified by the Member Working Group and to carve out specific allocations towards climate positive investments.

March 2023