

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:

- The design of the place-based impact strategy.
- Identifying an approach to new natural capital investments.

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 2022/23 the Authority has continued to report on the impact of its investments on the climate through the Climate report included within the Annual Report. Building on previous pilot work the Authority has also reported on the impact of all of the investments held within the Place-Based Impact portfolio which is the part of the portfolio which is held intentionally to achieve impact. This was included in the annual report and demonstrated considerably greater impact, particularly within South Yorkshire than had previously been identified.

The Authority continues to report in line with the requirements of TCFD and has increased the scope of investments for which emissions data are available.

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 2023/24:

- Continued to develop out its portfolio of local development loans with a current commitment of £149m of which £64m is drawn to 9 projects and a pipeline of 9 further projects currently being reviewed. Two loans have now been fully repaid.
- Agreed a Memorandum of Understanding with the South Yorkshire Mayoral Combined Authority setting out how the two organisations will share information and work together in relation to investment opportunities without compromising the Fund’s independence of decision making.
- Committed to new investments in key worker housing and startup capital, including to the Northern Gritstone fund which is focussed on university spin outs in the North of England.
- Begun the process to procure managers for the South Yorkshire focussed housing and SME finance allocations which will complete in 2024/25.

Beyond actions related to the specific principles the Authority has continued to emphasise its commitment to impact investing through participation in research and knowledge sharing activities sponsored by the Global Impact Investing Network (GIIN) and through providing material for a case study included in a publication on LGPS investment and the Government's "levelling up" agenda. The Authority also received the Pensions for Purpose award for Place Based Impact during the year.

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