Derbyshire Pension Fund

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October 2020 Consultation:
Number of Responses and Comments

October 2020 Consultation Responses

The following table shows how many people responded, and who they were:

Type of respondent	Number of responses
Scheme member	15
Scheme member and local taxpayer / local resident	5
Scheme member and local Councillor	1
Local taxpayer and local resident	8
Local Councillor	2
Scheme employer	1
Local group	2
Undisclosed	15
Total	**49**

The Comments from our Stakeholders

The following table summarises the comments received and our responses to these comments:

Stakeholder comments	Number of Comments	Our response
The ability to provide comments is welcomed.	5	The fund aims to continually improve its level of engagement with stakeholders.
The consultation is not meaningful.	11	Comments were welcomed from all members of the fund, as well as from employers, local taxpayers and other stakeholders. The widest possible range of comments were sought in order to find out what is important to stakeholders. In recognition of the concerns raised by respondents, the timetable for reviewing the Climate Strategy was revised from 5 years to 3 years.
The fund should make investments decisions on an ethical basis.	7	Responsible investment is more compatible with the fund's trustee-like responsibility to scheme members, scheme employers and local taxpayers than ethical investment, which is based on beliefs about what is morally right and wrong.
A strategy of engagement is not effective.	6	We recognise that engagement is a slow process with few 'quick wins'. However, the fund is a long-term investor and takes a long-term approach to its stewardship activities. The evidence that collaborative engagement between like-minded investors is influencing company behaviours is starting to come through. Influence is lost when an investor divests and there is a risk that ownership moves into the hands of less transparent and less accountable investors.

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The fund should divest from fossil fuel investments.	40	The fund needs to hold as broad a range of investments as possible in order to diversify risk. It's vital that the fund's asset managers have the widest possible options available to them when selecting investments for the fund. Fossil fuels are expected to remain a material part of the energy mix for the foreseeable future. As previously noted, the fund supports a policy of engagement. There is increasing evidence that collective investor engagement is influencing the behaviour of some of the major oil companies who are starting to adapt their business models to consider climate change. This influence would be lost if a policy of divestment was adopted. Divestment from specified sectors and industries also restricts the potential use of low-cost index funds.
The fund should have a greater allocation to renewable investments.	23	Renewable opportunities are being assessed by the fund on a continual basis and the increased allocation to low carbon and sustainable equities included in the revised Investment Strategy Statement represents a major transition for the fund. At the same time, it's essential that the fund considers the risks associated with renewable investments (technological, operational, political, regulatory) and that the fund continues to invest in a well-diversified portfolio of assets.
The fund should invest at least 80% of the portfolio in low carbon and sustainable assets by the end of 2025.	17	See our response to "The fund should have a greater allocation to renewable investments."
The fund should achieve a portfolio with net zero carbon emissions by 2030.	14	"Net zero aligned" for a pension fund is currently considered to mean implementing an investment strategy that is consistent with achieving the goal of global net zero emissions by 2050. A net zero target before 2050 isn't currently achievable for the fund alongside the fund's risk and return objectives which aim to ensure that enough assets are available to meet benefit payments, whilst keeping employer contribution rates as stable as possible.
The proposed targets for reducing the carbon footprint of the listed equity portfolio, investing in low carbon and sustainable investments and achieving a carbon neutral portfolio by 2050 are not ambitious enough.	32	The targets included in the Climate Strategy represent a major step in seeking to position the fund to consider the risks and opportunities related to climate change. We'll review the targets in three years' time in recognition of: • evolving methodologies for assessing the impact of future climate-related scenarios • the ongoing evolution of countries' climate policies • the development of companies' climate-related disclosures • the expected increase in the availability of suitable investment products • concerns raised by stakeholders during the consultation

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