



# DEEP DIVE: INCORPORATING JUST TRANSITION FACTORS INTO CORPORATE ENGAGEMENT ALIGNMENT ASSESSMENTS

## WILTSHIRE PENSION FUND

In 2022, Wiltshire Pension Fund supplemented emissions analysis of its portfolios with forward-looking analysis of the alignment of holdings with net zero pathways. The analysis utilised company-specific climate indicators from CA100+ Net Zero Company Benchmark and the Transition Pathway Initiative and has enabled the Fund to identify the largest GHG emitters in the portfolio that perform poorly when their climate commitments and transition plans were assessed.

Following the results of the analysis, Wiltshire Pension Fund engaged with its asset managers to develop a better understanding of the companies' performance and the steps the managers are taking to engage and escalate climate performance with the companies. Mining company, Anglo American, was identified through the Fund's analysis as it is heavily reliant on coal. Through conversations with their asset manager, Ninety One, the Fund found that Ninety One is working with the board of Anglo American to support decommissioning and develop a decarbonisation strategy. For example, Ninety One is working with Anglo American to advance their efforts to achieve net zero operations in South Africa, including through significant build out of renewable energy.

Grupo Mexico was another company identified. Disclosure issues and delayed updates to data provided by rating agencies means that obtaining accurate information to assess the company's emissions profile has been a challenge. However, Ninety One filled the information gap, showing that Grupo Mexico is consistently improving ESG credentials. For example, GHG emissions peaked in 2017 and have since been in decline year on year. In addition to its emissions profile, through its deeper understanding of the company, Ninety One was able to highlight the social credentials of the company, emphasising its role in providing good employment to local communities in which it operates. For example, the average wage of a Grupo Mexico employee is 11 times higher than the national average, it was the first company in Mexico to offer profit sharing to its employees, and the company has taken action to significantly improve health and safety practices.

Through initial analysis of its holdings and subsequent communication with its external managers, Wiltshire Pension Fund was able to understand and consider the broader ESG context in which these companies are operating, whether they have an active role in responsibly decommissioning fossil fuel assets or providing social benefits to local communities.

