



# Minutes

Name of meeting	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date and Time	<b>WEDNESDAY 16 FEBRUARY 2022 COMMENCING AT 10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>
Present	Cllrs C Jarman (Chairman), C Critchison (Vice-Chairman), D Andre, P Brading, V Churchman and M Oliver
Co-opted (Non-Voting)	Steve Milford (Scheme Member Representative)
Also Present	Jo Thistlewood, Matthew Collier, Jo Cooke, Sarah Philipsborn and Megan Tuckwell  David Walker (Hymans Robertson), James Mowat, Imran Sattar (Majedie Asset Management), Cllr Michael Lilley, Trevor Ould (Local Pension Board)
Apologies	Cllrs R Quigley

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## 46. Minutes

An update was sought with regards to the question asked by Cllr Quigley relating to the Fund's investment in fossil fuels, and whether the draft response had been finalised by the Chief Executive. It was advised that the matter would be addressed within the response to the written public question.

RESOLVED:

THAT the minutes of the meeting held on 24 November 2021 be confirmed, subject to the inclusion of the attendance of Local Pension Board members Cllr Michael Lilley and Trevor Ould.

## 47. Declarations of Interest

Cllr Paul Brading declared an interest as his wife was a member of the local government pension scheme.

## 48. Public Question Time - 15 Minutes Maximum

Ms Sylvia May of Totland submitted a written question in relation to the Fund's investments. A written response was provided (PQ 03/22).

**49. Investment Performance and Funding Level**

49a **To note the valuation of the fund's investment assets at 31 December 2021**

49b **To receive a report on the investment performance for the quarter ended 31 December 2021, and the indicative funding level at that date**

The Investment Consultant of Hymans Robertson presented the investment performance report for the quarter ended 31 December 2021, which included a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Consideration was given to the valuation of the fund's investments as at 31 December 2021 and discussion took place regarding emerging markets, CPI inflation, and pooling. It was reported that at 15 February 2022, the fund's funding level (ratio of assets to liabilities) was 103%, compared to 95% at the 2019 triennial valuation; which equates to a whole fund surplus of £22.9 million.

RESOLVED:

THAT the investment performance and funding level be noted.

**50. Fund Manager Presentation**

The committee received a presentation from Majedie Asset Management on the UK Equity portfolio. This included an overview of Majedie's acquisition by Liontrust, the funds' performance and performance attribution, embedding the ESG approach relating to renewable energy and fossil fuels, working with flexible investors, future performance drivers, stocks enabled by technologies, stocks with pricing power, international revenues, and portfolio positioning.

Questions were raised regarding portfolio oversight following the acquisition by Liontrust and any operational or logistical changes. Comments were made in relation to proactive disinvestments, indirect investments, and the balance between fossil fuels and renewable energies. Discussion took place regarding Shell and it was agreed that Majedie would provide the committee with information detailing the steps being taken to become more sustainable.

RESOLVED:

THAT the fund manager's presentation be noted.

**51. Pension Board Update**

The Technical Finance Manager presented the report which provided an update on the recruitment, selection and appointment of Local Pension Board members. No questions were raised at this stage. Discussion took place regarding the Fund's budgeting processes and it was requested that resources be allocated to ensure that future reports to the Committee including a breakdown of the costs to the Fund.

RESOLVED:

THAT the update be noted.

**52. ESG/RI Working Group Update**

The Technical Finance Manager presented the report which provided an update on the activities the fund had undertaken since the last meeting in its considerations of environmental, social and governance (ESG) factors and responsible investment (RI) activities. No questions were raised at this stage, and the update was noted.

RESOLVED:

THAT the update be noted.

**53. Knowledge and Understanding Update**

The committee received the record of training and development activities undertaken by committee members since the last meeting, and the Technical Finance Manager provided a verbal update on committee members' completion of the Pension Regulator's online toolkit. No questions were raised at this stage, and the update was noted.

RESOLVED:

THAT the update be noted.

**54. Items circulated for Members Attention**

The committee noted the items circulated for information since the last meeting. No questions were raised at this stage.

RESOLVED:

THAT the items circulated for attention be noted.

**55. Members' Question Time**

No member's questions were received.

**56. Exclusion of the Public and Press**

RESOLVED:

THAT the public and press be excluded.

**57. Equity Rebalancing Completion**

The committee considered a confidential report from the fund's investment consultants on the completion of the equity investment rebalancing.

RESOLVED:

THAT the report be noted.

**58. ACCESS Update**

The committee considered a confidential report on recent ACCESS pool activities and set out proposals for future engagement with matters to be discussed at future Joint Committee meetings.

RESOLVED:

- i. THAT the report be noted.
- ii. THAT the ACCESS business plan for 2022-23, and the associated budget as recommended by the Joint Committee, be adopted.
- iii. THAT the provision of feedback on the ACCESS ESG/RI guidelines be delegated to the Technical Finance Manager, in consultation with the vice-chairman of the committee.
- iv. THAT the appointment of MJ Hudson as implementation adviser for the Pool's illiquid asset solutions be noted.
- v. THAT the committee's response to the proposed solution for the representation of scheme members on the ACCESS Joint Committee be confirmed.

**59. Risk Register**

Consideration was given to the development of a risk register for the Fund, and the process by which risks will be monitored, updated, and reported at future meetings. It was advised that the draft risk register would be available for the Local Pension Board at its meeting on 23 March 2022.

RESOLVED:

THAT the update be noted.

**60. Governance Compliance Statement**

The committee considered a confidential verbal update on the completion of the draft governance compliance statement for the year ended 31 March 2022. It was advised that the draft would be presented to the Committee at the meeting in May 2022, ahead of its final submission for adoption in July 2022.

RESOLVED:

THAT the update be noted.

**61. Contract Management**

The committee considered a confidential report which summarised the activities undertaken in the review of the existing contracts of the Fund and future planned procurement activity.

RESOLVED:

THAT the report be noted.

CHAIRMAN



## Public Question time

To view any public questions that were put to this committee, they will be listed as an additional PDF document below the public question time section within the online minutes, an example is displayed below:

### 32. [Public Question Time](#) PDF 87 KB

Questions must be delivered in writing  
later than 5pm on Friday, 15 January 20

#### **Additional documents:**

- [PQ 11-21](#)  PDF 85 KB
- [PQ 12-21](#)  PDF 90 KB

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**Isle of Wight Pension Fund Committee – 16 February 2022****Written question from Sylvia May of Totland to the Isle of Wight Pension Fund Committee**

Over the past 5 years, the IWC Pension Scheme invested more than 7% of its funds in fossil fuels, directly to fossil fuel companies and indirectly through banks and organisations supporting this industry. During the same period the Isle of Wight Council formally recognised the climate emergency, encouraged increased biodiversity and re-wilding of our environment, rejected the government's demand for unsustainable housing development, producing an Island Plan alongside an Environment and Climate Strategy to reduce habitat loss and cut local emissions. Last October the Planning Committee unanimously rejected plans for oil production on the Island and recently initiated an independent Biosphere Steering Group to develop a holistic approach towards achieving economic and environmental balance through a net zero agenda.

Will the committee commit to build on these important achievements, by divesting all pension funding for fossil fuels into more sustainable environmental and social portfolios and green energy development?

***Response***

The Pension Fund is a long-term investor, and the investments should be able to generate sustainable returns to pay pensions for scheme members. Environmental, Social and Governance ("ESG") issues can have a material impact on the long-term performance of its investments. The Pension Fund Committee continues to develop its investment beliefs in respect of ESG factors and its responsible investment activities, and is working together with other funds in the ACCESS pool to develop its approach to stewardship and engagement matters.

In implementing the investment strategy following the 2019 triennial valuation, the fund has reduced its overall allocation to actively managed equity funds, and has added investments in private debt, infrastructure, and a passively managed climate aware global equity fund. As at 31 December 2021, the total value of the fund's investments was £765.5 million, all held within pooled funds. Approximately £16.7m (2.2%) of investments were in companies with a significant involvement in fossil fuels. In addition, approximately £19.4m (2.5%) had exposure to renewable energies.

When identifying the managers for the new asset classes, the selection process considered how the managers take into account ESG factors when developing their investment portfolio, and their approach to engagement with the companies in which they were invested. At each committee meeting, one of the fund's investment managers is invited to present their portfolio's performance, and to report on their reasons for holding investments in fossil fuel related companies.

The fund believes that engagement with fossil fuels companies in order to determine their approach to a "Just Transition" to a greener economy is preferable to immediate disinvestment from those companies. However, selling an asset remains an option when it comes to unaddressed ESG concerns in the investments made by our managers.

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