GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

10 December 2021

Commenced:	**10.00am**	**Terminated:12.35pm**
Present:	**Councillor Warrington (Chair)** **Councillors: Andrews (Manchester), Cooney, Cunliffe (Wigan), Grimshaw (Bury), Hartigan (Bolton), Jabbar (Oldham), Joinson (Rochdale), Mitchell (Trafford), Patrick, T Sharif, M Smith, Taylor (Stockport), Ward, Wills and Ms Herbert** **Fund Observers:** **Mr Pantall**	
Apologies for Absence:	**Councillors Barnes (Salford), J Homer, Newton, Ricci and Councillor Ryan (Fund Observer)**	

Further to the decision of Tameside Metropolitan Borough Council (Meeting of 25 May 2021), to maintain Covid secure access to all Members of the GMPF Management and Advisory Panel, which has representatives from all Greater Manchester Districts and the Ministry of Justice, that all future meetings of the Panels remain virtual until further notice with any formal decisions arising from the published agenda being delegated to the Chair of the Panel taking into the account the prevailing view of the virtual meeting.

46. CHAIR'S OPENING REMARKS

The Chair began by welcoming everyone to the meeting including new Member, Councillor Stuart Hartigan representing Bolton MBC, replacing Councillor Samantha Connor, together with Scott Caplan and Gale Blackburn representing UNISON and replacing Pat McDonagh and Margaret Fulham. She further extended thanks and gratitude on behalf of the Fund and its members to the retired Members of Panel for their contribution to the success of the Fund.

The Chair further emphasised the importance of ensuring that ordinary people working in public sector jobs got to live out their retirement years with security and dignity; safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. She further stressed the importance of attendance at training provided, to ensure that Members had the appropriate skills and knowledge to be a trustee to manage almost £30 billion pounds in order to ensure that the pension promises could be met.

The Chair was pleased to announce that, in the 100th year of the Fund being a statutory scheme, the promise to all stakeholders to deliver and pay low cost pensions, was being met. She made reference to a report and presentation scheduled later on the agenda from CEM Benchmarking, who would report on the Fund's position globally.

The Chair was further pleased to announce that the Fund had won the Pension Fund Communication Award in the 14th Annual European Pensions Awards. The awards recognised pension providers that had set the professional standards in order to best serve European pension funds. She extended congratulations to everyone for this significant achievement. Additionally, the Fund was also shortlisted for Best Admin and Governance category in the IPE awards, which had been held the previous Friday. It was explained that the IPE Awards for the last 20 years had recognised the bar-raising achievements of all pension funds across Europe so whilst there was disappointment that the Fund did not receive another award, the recognition of excellence should not be underestimated.

The Fund had also been nominated for three awards in the 2022 Pensions Age Awards taking place on 23 February 2022 for the following categories:

- Defined Benefit Pension Scheme of the Year;
- Pension Scheme Communication Award; and
- Pensions Administration Award.

Furthermore, on the 30 November 2021, the 2021 RAAI Leaders List, the 30 Most Responsible Asset Allocators in the world, had selected Greater Manchester Pension Fund as an RAAI Finalist and would receive an award for scoring in the Top Quintile, or top 20% of asset allocators globally on responsible investing. The Fund was ranked 35th Most Responsible Investor in the World scoring 96 out of a potential 100.

By way of background, it was explained that the RAAI provided the only comprehensive index measuring the responsible investing practices of the world's largest investors. For the 2021 RAAI Index, developed in partnership with the Fletcher School at Tufts University, analysts reviewed 634 asset allocators from 98 countries with $36 trillion in assets, before rating and ranking the top 251 institutions and identifying the Leaders and Finalists (the Top Quintile) that set a global standard for leadership in responsible, sustainable investing. The Chair was pleased that the Fund's significant stewardship work had yet again been recognised in this way.

Reference was made to the Paris Agreement, which introduced a new concept into the climate lexicon of a just transition. The concept, roughly defined, was that the needs of workers, communities, and consumers should be considered during the transition to an economy that allowed limits to global warming to the Paris Agreement's 1.5°C target. As activist investors, the Fund had been stressing this for some considerable time with support from some of the partners the Fund and LAPFF had spent years working with and, in particular Professor Nick Robins Co Founder of Carbon Tracker and a leading light on how to mobilise finance for climate action in ways that supported a just transition, promoting the role of financial institutions in achieving sustainable development and investigating how the financial system could support the restoration of nature together with Mark Campanele the other Co founder of Carbon Tracker. The Chair was, therefore, pleased that a statement at COP 26 was issued in support of a just transition called - Just Transition Internationally - Green growth, decent work, and economic prosperity in the transition to net zero.

The Chair further explained that paragraph 36 of the original Glasgow Climate Pact, called upon Parties to accelerate the development, deployment and dissemination of technologies and the adoption of policies, to transition towards low-emission energy systems, including by rapidly scaling up the deployment of clean power generation and energy efficiency measures, including accelerating efforts towards the phase-out of unabated coal power and inefficient fossil fuel subsidies, recognizing the need for support towards a just transition.' The agreed version of the text referred to phasing down rather than phasing out coal.

Given what was now known about the ensuing discussions between developed and less developed states, it was not surprising that the original wording did not pass. There was a fundamental difference of understanding when it came to the allocation of the global 'carbon budget'. Whilst developed nations pointed to India and China as currently emitting large proportions of the total amount of the world's carbon, many developing nations pointed to the historic emissions of the developed states over the past centuries that allowed for their economic growth. Consequently, developed states pushed for phasing out coal without addressing the needs of less developed states to provide jobs, resources, and human rights protections for their populations.

Coal was seen as an important source of jobs and economic development in many countries, notwithstanding evidence that renewables were already the cheapest source of new electricity in 90% of the world.

Without allowing for provision to compensate countries for potential losses in these areas and for social and environmental loss that had already taken place due to climate change, many developing states were not prepared to make the sacrifice requested. Not having had their needs met, many less developed states revolted and required a watering down of the language on phasing out coal. In other words, the crux of the disappointment with the COP 26 outcome was a just transition fail. This outcome further amplified the need for a just transition.

The Chair stated that it was clear from the stance taken by developed states that they had failed to commit to a just transition, either through a failure to understand the concept or a failure of political will. These states had an opportunity to establish funding packages that would compensate the less developed states for loss and damage from climate impacts caused by more developed states but did not do so. This outcome was a lesson for investors. Investors must consider the social impacts of any climate transition and confirm their support to a just transition. This was particularly the case now because their governments' COP 26 failure to support a just transition made reaching the Paris 1.5°C target that much more unlikely and made it much more likely that investor money spent in the interest of climate mitigation and adaptation without a genuine commitment to a just transition, would be wasted.

The Chair, was therefore, pleased that a number of Members were able to join the Policy and Development Working Group to hear from John Green, the Commercial Director of Fund Manager Ninety One, comment directly on this issue having just arrived back in South Africa from COP 26 and addressed the same concerns. For those who were unable to attend, owing to the very short notice, she advised that there was a short video presentation from Ninety One, the link for which would be circulated following the meeting. The Chair added that the Fund had also been contacted that week by a number of interested parties concerned about the LGPS's involvement as a whole with investments in Palestine. In the circumstances, it was thought important to give an update.

Professor Michael Lynk, who worked with the Office of the High Commissioner for Human Rights, whose title was "special rapporteur on the situation of human rights in the Palestinian Territory occupied since 1967", had requested that the Local Government Pension Scheme funds divest from any holding that may be linked to contested Israeli settlements. He said in a letter to all LGPS pension committee chairs, (albeit the Fund had not received it directly), the LGPS "can play a transformational role in demonstrating the ethical validity of a more robust approach to investing in conflict-affected areas, as well as in respecting international humanitarian and human rights law".

He then asked that LGPS funds conduct enhanced human rights due diligence for all companies listed on the Office of the High Commissioner for Human Rights (OHCHR) database and beyond that "*may be involved in the illegal Israeli settlement economy*" and then to divest from any of those holdings if those companies could not give assurances that they had removed themselves from that economy.

The Scheme Advisory Board, who had the statutory role to advise Department for Levelling Up, Housing and Communities (formerly MHCLG), which was responsible for the LGPS because it was a statutory scheme, had advised that they would discuss the letter at its meeting on 13 December and further advice was awaited.

The approach by Professor Lynk had been made possible by the government's defeat in the UK Supreme Court case: MHCLG against Palestine Solidarity Campaign, in June last year following a decision that lifted the government's ban on political investments by the LGPS. The question of LGPS investment in Israel was mired in controversy, and the government had previously stated it would introduce legislation reintroducing the ban on "local boycotts". Meanwhile, the Scheme Advisory Board advised that the Board would seek clarification with Professor Lynk on "a number of points in the letter".

The Chair explained that, since the case law, the Fund had been working with the Local Authority Pension Fund Forum, which brought together 80 LGPS funds and adopted a formal position statement on companies operating in disputed Israeli settlements, which stated: “The Forum has engaged with companies operating in the Israeli settlements/occupied Palestinian territory prior to the UN report and Supreme Court ruling and prioritises engagement with companies in which LAPFF member funds collectively hold a high number of shares. “LAPFF will continue to engage with companies to promote acceptable human rights conduct and impact, not only in this region but globally. In respect of engagements with companies operating in the Israeli settlements/occupied Palestinian territory, the Forum is using the UN report as a point of reference for engagement.”

The Chair added that the Fund held 0.07% holdings in companies on the list through its passive investments, in common with the significant majority of the LGPS. None of the Fund’s active Fund Managers held any and further advice was awaited.

47. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

48. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 17 September 2021 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 17 September 2021 were signed as a correct record.

49. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	**Paragraphs**	**Justification**
7, 8, 9, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 23, 24	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.**

50. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 30 September 2021 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

51. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 1 October 2021 were considered

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

52. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 1 October were considered

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

53. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 25 November 2021 were considered

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

54. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 8 July 2021 were noted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

55. RESPONSIBLE INVESTMENT UPDATE Q3 2021

A report and presentation of the Assistant Director of Pensions Investments, was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

56. CEM COST BENCHMARKING

A report of the Assistant Director of Pensions Investments and the Assistant Director of Pensions Administration was submitted and a presentation from John Simmonds of CEM Benchmarking was delivered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

57. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

A report of the Assistant Director of Pensions Investments was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

58. PERFORMANCE DASHBOARD

A report of the Assistant Director of Pensions Investments was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

59. 2022 ACTUARIAL VALUATION

A presentation by Steven Law and Mark Sharkey, Hymans Robertson, was delivered.

RESOVLED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

60. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

A report of the Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

61. ADMINISTRATION UPDATE

A report of the Assistant Director of Pensions Administration was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

62. LGPS UPDATE

A report of the Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

63. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGE Annual Governance Conference – Bournemouth	**20-21 January 2022**
PLSA ESG Conference - virtual	**9 – 10 March 2022**
PLSA Investment Conference - Edinburgh	**25 – 26 May 2022**
PLSA Local Authority Conference - Gloucestershire	**13 – 15 June 2022**

64. DATES OF FUTURE MEETINGS

Management/Advisory Panel	**18 Mar 2022**
Local Pensions Board	**13 Jan 2022** **7 April 2022**
Policy and Development Working Group	**3 Mar 2022**
Investment Monitoring and ESG Working Group	**21 Jan 2022** **8 April 2022**
Administration and Employer Funding Viability Working Group	**21 Jan 2022** **8 April 2022**

CHAIR