

## Brunel Oversight Board Meeting Minutes

**Purpose:** To review Brunel/Client progress agree next steps

**Date and time:** Thursday 23<sup>rd</sup> September 2021, 10:30 – 11.45

**Location:** Microsoft teams

| <b>Pension Committee Representatives</b> |                 |            |
|--|-----------------|------------|
| Paul Crossley                            | Avon            |            |
| Tim Butcher                              | Buckinghamshire |            |
| Jayne Kirkham                            | Cornwall        |            |
| Phil Bullivant                           | Devon           |            |
| James Morrish                            | Devon           | Apologies  |
| John Beesley                             | Dorset          | Apologies  |
| Robert Gould                             | EAPF            | Chair      |
| Lynden Stowe                             | Gloucestershire |            |
| Kevin Bulmer                             | Oxfordshire     | Vice Chair |
| Sarah Payne                              | Somerset        |            |
| Richard Britton                          | Wiltshire       |            |

| <b>Member representative observers</b> |                    |  |
|--|--------------------|--|
| Andy Bowman                            | Scheme member rep. |  |
| Ian Brindley                           | Scheme member rep. |  |

| <b>Fund Officers and Representatives</b> |                      |         |
|--|----------------------|---------|
| Tony Bartlett                            | Avon                 |         |
| Julie Edwards                            | Buckinghamshire      |         |
| Sean Johns                               | Cornwall             |         |
| Mark Gayler                              | Devon                |         |
| David Wilkes (for Dorset rep)            | Dorset               |         |
| Graham Cook                              | EAPF                 |         |
| Matthew Trebilcock                       | Gloucestershire      |         |
| Sean Collins                             | Oxfordshire          |         |
| Jenny Devine                             | Wiltshire            |         |
| Bijal Patel                              | Mercer – Client Side | Minutes |

| Brunel Pension Partnership Ltd |                         |  |
|--------------------------------|-------------------------|--|
| Liz McKenzie                   | Brunel, Shareholder NED |  |
| James Russell-Stracey          | Brunel, CSO             |  |
| Joe Webster                    | Brunel, COO             |  |
| Laura Chappell                 | Brunel, CEO             |  |
| David Vickers                  | Brunel, CIO             |  |
| Catherine Dix                  | Brunel, CRM             |  |
| Chris Crozier                  | Brunel, CRM             |  |
| Alice Spikings                 | Brunel, CRA             |  |
| Bethan Jones                   | Brunel, CRA             |  |
| Faith Ward                     | Brunel                  |  |

| Item | Agenda   | Paper provided                           | Action |
|------|--|--|--------|
| 1    | <b>Confirm agenda</b><br><b>Requests for Urgent or items for Information</b><br><b>Any new declarations of conflicts of interest</b>   | Agenda<br>Verbal<br>C of Interest policy |        |
|      | Apologies were received from JM and JB and they were represented by PB for Devon and DW for Dorset.<br><br>It was noted that there were no new declarations of conflicts of interest.  |  |        |
| 2    | <b>Review 1 July BOB minutes</b>   | Minutes                                  |        |
|      | The minutes of the previous meeting were agreed.<br><br>LS noted that under the risk management section of the Brunel CEO Report, it had been agreed that narrative for any movement would be incorporated and this action was outstanding. <b>This was noted and would be actioned going forward.</b>   |  | LC     |
| 3    | <b>Client assurance framework (including Investment Update)</b>  | Paper                                    |        |
|      | SJ presented the BOB Assurance Report and the following was noted:<br><br><u>Reporting project</u> <ul style="list-style-type: none"> <li>The reporting project has progressed to the next stage and Brunel are currently tendering for a new vendor to provide a solution on reporting</li> </ul><br><u>Brunel Investment Assurance Process Review</u> <ul style="list-style-type: none"> <li>SJ and JD attended the previous Brunel Investment Risk Committee (BIRC) meeting as observers and concluded that the process was robust with an appropriate level of review and challenge</li> </ul> |  |        |

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|   | <p><u>Annual Client Assurance Survey</u></p> <ul style="list-style-type: none"> <li>• The annual client assurance survey had been completed and the results were provided which showed a strong set of results</li> <li>• The overall provision of service increased from 3.5 good to 3.7 good</li> <li>• The feedback had been reviewed and passed onto the relevant sub-groups for taking forward</li> <li>• The overall service under 2a) was rated separately to the other components in question 2</li> </ul> <p>A query was raised as to why the overall score of 3.9 for question 2a was higher than all the scores for the individual elements of question 2a. <b>Operations sub-group to review the wording of the questions</b></p> <p><u>Appendix 1</u></p> <ul style="list-style-type: none"> <li>• No changes to the RAG status for the listed markets, passive equity and private market portfolios</li> </ul> <p><u>Appendix 2</u></p> <ul style="list-style-type: none"> <li>• BOB Performance Report for the quarter ending 30 June 2021 was noted</li> </ul> <p>JD presented the Assurance Process – Fixed Incomes Transitions-Outcome paper and the following was noted:</p> <ul style="list-style-type: none"> <li>• The Investment Sub-Group reviewed the transition plan along with costs and concluded the transitions took place successfully and costs were in line with expectations</li> <li>• Total of £5.5bn was transitioned into the multi-asset credit (MAC), sterling corporate bond, passive index-linked gilts over 5 years and passive gilts over 15 years portfolios</li> <li>• Transitions took place between mid-May to early-July 2021</li> <li>• MAC transition – unexpected regulatory delay with Oaktree has now been resolved</li> </ul> | SJ  |  |
| 4 | Brunel CEO Report  | Paper   |  |
|   | <p>LC noted two upcoming investor days on 27<sup>th</sup> September and 6<sup>th</sup> October and the shareholder forum on 15<sup>th</sup> October, <b>details of which would be circulated.</b></p> <p>LC also noted that the next BOB meeting would be a hybrid meeting and <b>details of this would follow.</b></p> <p>LC presented the Brunel CEO report and the following points were noted:</p> <ul style="list-style-type: none"> <li>• Fund launches – as noted earlier the fixed income transitions had been completed successfully</li> <li>• Passive benchmarks – working with FTSE Russell to design and develop two new passive benchmarks, Clients to start transitioning in November</li> </ul>  | <p>LC<br/>(Completed)</p> <p>LC<br/>(Completed)</p> |  |

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|          | <ul style="list-style-type: none"> <li>• Brunel won the ‘Investment Team of the Year – Asset Owner’ award</li> <li>• Risk assessment – no concerns but some risks on the watch list. People risk – still recruiting, noting private market team now at full capacity</li> <li>• Cost saving - remains on track with a fee saving of £33m to date</li> <li>• Submitted refined information to MHCLG and working with other pools to standardise the information</li> <li>• Reviewed pension arrangements and concluded to continue with this benefit via the Wiltshire Pension Fund</li> <li>• COP26 – Brunel will be speaking at the conference as well as media and press engagement during the event</li> </ul> <p>It was noted that several of the pension committee representatives requested a <b>short paragraph highlighting Brunel’s policy position on key issues and relevant links to the website</b> that could be issued upon request. It was also requested that <b>details of what Brunel wants to achieve from COP26 were shared.</b></p> | <p style="text-align: center;">LC</p> <p style="text-align: center;">LC</p> |
| <b>5</b> | <b>SNED Update</b>  |   |
|          | <p>LM gave a Shareholder NED update and noted the following:</p> <ul style="list-style-type: none"> <li>• LM been on the board for 6 months and pleased to see the fixed income transitions went smoothly</li> <li>• Shareholder representative feedback generally been positive, want to see post transition remains smooth and hear about next strategic steps</li> <li>• 15 October shareholder meeting – agenda is governance matters, an update from LC, review of appraisal process and evaluate shareholder scores on client survey</li> <li>• Planning to visit Clients and Committee Representatives at least once a year, first visit is Dorset in November</li> </ul> <p>TB noted that following the transitions, the report and accounts would show an increase in cost and a note should be included to explain this.</p>  |   |
| <b>6</b> | <b>New Passive Benchmarks</b>   |   |
|          | <p>DV shared the presentation on Paris Aligned Benchmarks training session on screen and the following was noted:</p> <ul style="list-style-type: none"> <li>• As previously noted, Brunel worked with FTSE Russell to design and develop two new passive benchmarks, Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB)</li> <li>• Slide 2 – definition of Paris aligned, net zero and decarbonisation</li> <li>• Slide 3 – journey plan from managing risks to progressive decarbonisation</li> <li>• Slide 4 – details of the components of PAB and CTB, noting PAB is more ambitious in limiting exposure to high carbon activities</li> <li>• Slide 5 – design elements of the benchmarks</li> </ul>   |   |

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|   | <ul style="list-style-type: none"> <li>Slide 6 – index characteristics of PAB and CTB against the FTSE Development (GBP) index, historic beta for PAB and CTB a close match to the traditional index</li> </ul> <p>The reference to investment in Banks and the potential cause for concern was noted and DV explained that Banks, along with other firms in the finance sector and required to disclose their activities. FW noted that Brunel worked with FTSE Russell to constrain Banks against financial institutes and Banks can be differentiated.</p> <p>A full stock list was requested to understand what Companies are underweight and overweight and FW noted this would <b>be shared once publically available.</b></p> <p>DV noted the presentation formed part of a wider presentation which can be shared upon request.</p> | FW |
| 7 | AOB   |    |
|   | <p>The following BOB meeting dates for the remainder to 2022 were noted as follows:</p> <ul style="list-style-type: none"> <li>Thursday 2 December 2021</li> <li>Thursday 27 January 2022</li> <li>Thursday 17 March 2022</li> <li>Thursday 9 June 2022</li> <li>Thursday 8 September 2022</li> <li>Thursday 15 December 2022</li> </ul> <p>Meeting close: 11.45.</p>   |    |