

Questions to the Pensions & Investments Committee
Wednesday 6 March 2024

Question 1 from Councillor Gez Kinsella (*not attending*)

I welcome the consultation on Derbyshire Pension Fund investment strategy. However, I note that:

- Counter to DCC's own communication policy and LGA guidance the consultation is not accessible to all - online is the only way of responding
- Some of the closed questions and the accompanying FAQ document show bias. For example, the FAQ 'why does the fund still invest in fossil fuels?' This does not present evidence that such investments are a financial risk
- The supporting documents are technical, hard to understand and discouraging engagement
- The timing of the consultation, over Christmas encourages a poor response
- Only pension members who are registered by email were notified of the consultation. There was no wider publicity

What changes will DCC make as a result of the learning from this exercise? Will consultation occur more frequently than every three years?

Question 2 from Jill Turner (*attending*)

" The Derbyshire Pension Fund (DPF) recently published their Investment Strategy Statement, their Responsible Investment Framework and their Climate Strategy as part of the public consultation, noting that the DPF committee acknowledge, "the material effect of climate change and the response to climate change on the assets and liabilities of the fund"

What climate modelling has been undertaken so far to understand how the risk and reward assumptions of Modern Portfolio theory, may no longer hold with the addition of climate change risk and therefore, how the stability of the fund and its long term aims can be protected from climate change induced asset repricing?

Importantly, what training is being given to members of the DPF committee in their role as trustees, so they have confidence that they understand, can question, challenge and make suggestions in the management of the DPF, made more complex when considering the impact of climate risk?

Question 3 from Lisa Hopkinson on behalf of Transition Chesterfield (not attending)

[PFZW, a Dutch Pension Fund has just divested from Shell, BP and other oil companies](#) after a two year engagement, as the companies do not comply with the Paris climate agreement. The [Church of England has also sold all its remaining oil and gas investments](#), saying that “not nearly enough” progress had been made by fossil fuel companies. This is in marked contrast to the Derbyshire Pension Fund’s position that “[Engagement..has the potential to drive changes to companies’ business models and to shape transitions to a low carbon world](#)”

Consultation FAQs - Derbyshire Pension Fund

Frequently asked questions about the proposed updates to investment-related documents.

.” Can the Pension Fund indicate exactly what engagement with the oil companies the fund has directly undertaken in the last 2 years, what they have achieved in that time and how much longer they are prepared to wait for the oil companies to comply with the Paris Agreement?

Question 4 from Emma Birkett (will attend if possible)

[Global temperatures have just breached](#) the Paris Agreement preferred threshold of 1.5°C of warming and there is a [real risk of the imminent collapse of the Atlantic current](#) which currently warms Europe. The collapse of this current is one of [several tipping points that could create cascading climate impacts](#). The University of Exeter’s Economics of Energy Innovation and System Transition (EEIST) project has produced a [report on net-zero planning for pension funds](#), suggesting a need for paradigm shifts in investment planning because typical policy assumptions are inappropriate for the non-marginal effects of climate change. They recommend that responsible pension funds seeking to intensify their response to climate change carry out scenario analyses which include tipping points, feedback loops and their cascading socio-economic effects. Have the Derbyshire Pension fund managers read the EEIST report and will they carry out such analyses and report the findings at the earliest opportunity?