PENSIONS COMMITTEE 20th JUNE 2025

PUBLIC QUESTION TIME

1. Question from Ron and Jane Berry

At the March 2025 Pensions Committee meeting, public questions were asked about LGPS Central's investment in companies which support Israel's prolonged, genocidal assault on the people of Palestine.

A fund administrator replied that protecting human rights is fundamental to LGPS Central's responsible investment approach and referred questioners to stewardship reports and to LGPS Central's stance on the UN's Guiding Principles on Human Rights. It was said that, rather than withdrawing investment, it is better to influence the companies concerned by working with them.
Stewardship reports show that LGPS Central aims to influence companies by discussion and by voting practice. This non-confrontational, long-term approach may be effective with companies which respond reasonably, but we believe it unlikely to work with companies which knowingly provide finance and materials for apartheid and genocide.

How might the Israeli government respond to UN Guiding Principles on Human Rights? It has shown utter contempt for the UN in all its forms and has trampled remorselessly on the human rights of Palestinian people. No company which chooses to profit from dealing with such a government could be expected to respond to soft influence or to LGPS voting practice.

We believe that current circumstances require positive action - divesting, as appropriate - to assert the fundamental nature of human rights protection.

Will the newly-formed Pensions Committee recommend to Shropshire Council, Telford and Wrekin Council and LGPS Central that they now withdraw all investment from companies which supply or support the Israeli government's assault on the people of Palestine?

Response:

The primary responsibility of the pension committee is to manage the assets of the Shropshire County Pension Fund to enable the fund to pay the pensions of current and future members.

The Fund is committed to investing responsibly which involves the integration of Environmental, Social and Governance (ESG) factors into investment processes where they are material in respect of investment performance. Our approach is also rooted in the conviction that ESG integration combined with active stewardship leads to better outcomes for all stakeholders over the longer-term and therefore is the approach best suited to the fulfilment of fiduciary responsibilities.

From a human rights perspective, we are concerned about the scale of the conflict in the Middle East. We support the International Bill of Human Rights, and we expect all investee companies to comply with the United Nations Guiding Principles on Business and Human Rights (UNGPs). LGPS Central is a member of the Investor Alliance for Human Rights, and were an early signatory of the investor statement calling for

Responsible Corporate Policy and Practices on Human Rights in Conflict-Affected and High-Risk Areas. We are asking companies to:

- Adopt responsible policies and governance to prevent, mitigate, and remedy human rights and conflict-related harms across their operations and value chains.
- Respect international human rights and humanitarian law (IHL) and comply with all relevant regulations and guidance.
- Conduct heightened human rights due diligence (HRDD), including conflict analysis and IHL impact assessments.
- Protect stakeholders (e.g. workers, communities) from reprisals, ensuring confidentiality and secure engagement.
- Implement corrective actions, grievance mechanisms, and monitoring systems.
- Engage meaningfully with stakeholders and ensure transparency through public reporting of actions and performance indicators.

These measures are synonymous with responsible corporate practice and contribute to the management of material exposures to reputational, legal, and financial risk.

We are aware of the stance that the United Nations General Assembly has taken with regards to the Government of Israel and its obligations under the Charter of the United Nations and recent sanctions imposed by the UK government. However, this doesn't impinge upon investors' ability to engage private sector companies to encourage them to adopt the UNGPs.

We recognise the importance of a robust human rights strategy to long-term value creation, and we applaud companies that operate in fragile states that integrate UNGPs throughout their business strategies. We are engaging with a global telecommunications company to encourage them to follow these practices. Our Stewardship Partner, EOS at Federated Hermes, conducts engagements with companies operating in Israel/Palestine and seeks transparency on their approach to doing business in conflict-afflicted regions.

Whilst we of course would welcome the cessation of hostilities in the region, we do not consider that divestment on the part of Shropshire County Pension Fund would contribute to the realisation of this ambition, nor will it contribute to the management of financial risks arising out of the conflict.

2. <u>Question from Mr John Palmer</u>

Pensions Committee has responsibility for all issues concerning the management and administration of the Shropshire County Pension Fund. Amongst four fresh Shropshire Councillors on the committee, a newly-elected far right councillor has been added to the committee, whose party has recently unveiled an unhinged belief in moving all public sector workers from their defined benefit schemes (eg the SCPFund) into defined contribution schemes, used by most private sector workers. Will this destabilise the committee's work under its Terms of Reference (a) to (d) in the published SCPFund Governance Compliance Statement (approved by Pensions Committee) of June 2024?

Response:

The Pensions Committee is an apolitical committee, and all members have been made aware of this position as part of their induction. The local government pensions scheme is set out in legislation as part of the total reward package for local government workers and therefore until there is a change in legislation committee members are required to act in the best interests of the Fund.

The Fund provides committee members with full training on both the pensions regulations as set out by the Pensions Regulator and their fiduciary responsibility in respect of their role on the pensions committee to ensure that they are able to meet the objectives set out in the in the terms of reference within the Governance and Compliance statement.

The Fund welcomes a diverse range of views as part of a strong transparent governance process and operate a democratic process in respect of decision making.