

# Public Document Pack

## 1 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

## 2 APOLOGIES

Apologies were noted as above.

## 3 URGENT ITEMS

None.

## 4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

None.

## 5 DECLARATIONS OF INTEREST

The Director, George Graham, declared an interest in item 19 and resolved to leave the room for the duration of the item.

## 6 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

None.

## 7 MINUTES OF THE MEETING HELD ON 12.09.2024

**RESOLVED: That the minutes as presented for the Authority Meeting held on 12 September 2024 are a true and accurate record.**

## 8 QUESTIONS FROM THE PUBLIC

Questions were received from Ms J Cattell, Mr I Pearson, Mr F Cross and Mrs F Callow. The Director replied on behalf of the Authority.

Written copies of the questions and responses were given to the questioners.

The written replies are attached as appendices to these minutes.

## 9 THE GOVERNMENT'S PENSIONS REVIEW

The Director presented a report to inform members of the Authority about the initial conclusions of and next stages in the Government's Pensions Review and to gain approval for the approach to be taken in framing a response to the consultation exercises launched following the Mansion House Speech.

Members commented on the points raised by the consultation specifically concerning the future of local investment and the impact that pooling all assets would have on current fund specific plans and targets regarding natural capital and net zero goals.

The Director assured members that Border to Coast Pensions Partnership had already stated that they intended to proceed with local investment in a way that would not undermine the local investment already made by SYPA. The Chair added that this

issue had been raised in a meeting with the Secretary of State for Housing, Communities and Local Government following the announcement of the Review and pensions funds had been reassured that local investment would remain at a local level. The Chair also added that SYPA was in very good position to make the pooling changes noted in the consultation given its current working relationship with Border to Coast Pensions Partnership and that this was in contrast to other funds who would need to implement more significant changes to meet the new requirements.

The Director explained that the review required all assets to be pooled by March 2026 and that Border to Coast Pensions Partnership would manage these investments but that this would be under an agreement with SYPA which, with intense planning at a detailed level, would give an opportunity for SYPA to be very clear on their investment beliefs including net zero goals and investment targets regarding natural capital and renewable energy.

Members expressed a concern that, when SYPA is only able to invest in pooled products, if its investment beliefs didn't align with those of the wider Partnership then it would be restricted in implementing its beliefs. The Director agreed that this was a concern and stressed the need to constantly monitor the progress of the Review and lead on discussions in order to mitigate this risk.

Members queried whether previous issues with discrepancies concerning Scottish Law and asset pooling would be resolved. The Director assented that this issue needed to be added to the response to the consultation for the Government's consideration.

Members queried whether there would be support from the Government were there a downturn in the market affecting investments following the enforcement of pooling.

The Director explained that the Government would not be responsible for advising on investment or bailing out pools or funds were there any issues. It was explained that instead SYPA and BCPP must continue to set long term investment strategies to weather all markets and limit the potential for losses. SYPA would need to set detailed investment strategy parameters for Border to Coast to implement and then hold them to account. The Independent Investment Adviser added that the goal would always be long term investment and maintaining a good financial buffer to weather any dips in the market.

Councillors expressed concern on the potential conflict of interest that existed in the concept in the consultation of pools providing investment advice on the investment strategies of its partner Administering Authorities. Some members also expressed the belief that pooling fundamentally undermines the democratic accountability of the LGPS and pools are too large to effectively represent members and employers and offer adequate accountability.

The Director accepted the concern regarding the potential conflict of interests but explained that with BCPP the advisory department and the investment department would be kept separate, and the advisory section would not be reporting to the Chief Investment Officer or monitoring performance. The Director agreed that the proposed move to a professional trustee mode would undermine democracy and had been clear on this in the draft response to the consultation and invited further discussion on this with the Government.

Councillors also gave the opinion that there was the potential for impact on equality not mentioned in the draft response notably younger members and members from global majority countries who may be affected by the potential impact of investment by the pools on climate change.

The Director and Chair welcomed ongoing input from all members.

**RESOLVED: Members**

- a. Noted the Government's proposals in relation to reform of the Local Government Pension Scheme.**
- b. Endorsed the headline response set out in Appendix A and the body of this report as the basis for a formal response to the consultation and further discussion with Border to Coast partners.**
- c. Agreed the process for finalising the formal consultation response set out in paragraph 5.11.**

Councillor Dimond asked the record to reflect that he did not endorse resolution b. and did not agree with further pooling.

10 QUARTER 2 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources introduced the Corporate Performance Report which provided a summary view of overall performance in achieving the Authority's objectives, bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. The Head of Finance and Performance presented the quarter 2 forecast expenditure for the year and variance against the budget reporting an underspend of £164,000.

Members asked for further explanation of the status of the 'Progress the Authority's Net Zero Ambition' project and asked for further detail on the risk in the report titled 'Failure to mitigate the impact of climate change'.

The Director explained that the status of 'At risk but achievable' related to the underlying tasks associated with the Corporate Strategy, not the overall goal of achieving Net Zero by 2030. It was explained that decarbonisation of the portfolio was in progress and further understanding and better information on individual investments to achieve the goal was needed. The Director explained that the risk detail in the report comes from modelling that looks at the whole portfolio rather than detail on specific exposure relating to the risk but could assure members that the exposure of the property portfolio to direct climate change impacts was low as this was always considered when purchasing assets.

Members asked if there had been any analysis of the impact of the rise in National Insurance on the budget and the Assistant Director – Resources assured members that this work was ongoing and would be presented to the Authority at the next meeting in February 2025.

**RESOLVED: Members noted the report.**

11 APPROVAL OF THE LEVY 2025/26

The Head of Finance and Performance presented the report and asked members to approve the Levy for 2025/26 under the Levying Bodies (General) Regulations 1992.

**RESOLVED: Members approved a total levy of £286,847.00 for 2025/26 in accordance with The Levying Bodies (General) Regulations 1992, to be allocated to the District Councils in proportion to their approved council tax base shares.**

12 ADVISER MARKET COMMENTARY

The Independent Investment Adviser presented the Market Commentary Report for members to consider and note.

Members queried whether SYPA intended to consider investing in digital currency. The Independent Investment adviser explained that the Authority does not currently invest in digital currency but will continue to monitor its performance globally and review the position.

**RESOLVED: Members thanked the adviser and noted the report.**

13 QUARTER 2 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy presented the Q2 Investment Performance Report 2024/25 for members to note.

**RESOLVED: Members noted the report.**

14 QUARTER 2 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Assistant Director – Investment Strategy presented the Q2 Responsible Investment Update 2024/25.

Members praised the scope of the report and asked for further detail on any effect engagement has had with Shell and BP regarding their actions and asked for clarity on why SYPA invested in foreign government bonds that funded weapons.

The Assistant Director – Investment Strategy reiterated that SYPA believed in engagement over divestment but agreed there were limits to the influence of engagement on large companies and that the strategy needed to be continuously developed. The Director explained that there was a need to invest in foreign government bonds based on whether they would give returns not what the government used the investment for and that the principles of Responsible Investment regarding government bonds was yet to be developed but was in ongoing discussion.

**RESOLVED: Members noted the activity undertaken in the quarter.**

15 ANNUAL REVIEW OF BORDER TO COAST RESPONSIBLE INVESTMENT POLICIES

The Assistant Director – Investment Strategy presented the report to secure the Authority’s endorsement of the revised Border to Coast Responsible Investment policies prior to the next voting season explaining that it was ‘light touch’ review as the new Head of Responsible Investment at BCPP, Tim Manuel, was new to the post.

The Director and Chair requested that any questions regarding the ongoing conflict in Israel and Palestine be submitted in writing following the meeting for consideration by BCPP.

Members noted that the policy did not reflect that the target regarding global temperature increase as set in The Paris Agreement (2015) had not been met and how this would affect the BCPP target of net zero by 2050.

The Director explained that SYPA would be reviewing its own Responsible Investment policies in March 2025 and that this would be an opportunity to reflect on the BCPP Responsible Investment policies and consider issues to feedback to BCPP for consideration when they next review their Responsible Investment policies once the Head of Responsible Investment has more experience in post.

**RESOLVED: Members Endorse the various Border to Coast policies at Appendices A to C in the report.**

Councillor Diamond asked that the record reflect that he did not endorse the resolution.

16 UPDATE ON PENSIONS ADMINISTRATION IMPROVEMENT PLAN

The Assistant Director – Pensions presented the update on the Pensions Administration Improvement Plan.

Members queried whether a media campaign would be launched informing the public of the introduction of the Pensions Dashboards.

The Director explained that there would be a media campaign when the Pensions Dashboards become available to the public and that SYPA intends to examine ways the campaign can be used to promote the use of the SYPA member portal.

Members asked for clarity on overtime and work being undertaken on a weekend and whether this need has reduced or will continue.

The Assistant Director – Pensions explained that an assessment of need, staff and budget for overtime was currently underway and would consider workload and staff welfare.

**RESOLVED: Members noted and commented on the 2024/2025 plans for Administration improvement that are in place.**

Councillor Sanger left the meeting and did not return.

17 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Head of Governance and Corporate Services presented the report to provide Authority members with an update on current governance related activity and regulatory matters.

Members asked whether there was capacity for optional knowledge briefings prior to meetings.

The Head of Governance and Corporate Services agreed to consider the request and added that there had also been a request from the Audit and Governance Committee to provide summaries of training sessions which was being developed as a process.

**RESOLVED: Members noted the updates included in this report.**

18 INDEPENDENT GOVERNANCE REVIEW - ACTION PLAN FOR APPROVAL

The Assistant Director – Resources presented for approval the proposed action plan developed by the working group to address findings arising from the independent governance review undertaken by Aon.

The Chair thanked members of the working group for their contribution to the action plan.

**RESOLVED: Members approved the Independent Governance Review Action Plan attached at Appendix A.**

19 CLERK ARRANGEMENTS

The Director, George Graham, left the room.

The Assistant Director – Resources presented the report to consider the change of Clerk to South Yorkshire Pensions Authority. Barnsley Metropolitan Borough Council had previously acted as Monitoring Officer and Chief Finance Officer but these roles had since been brought in house. Members were asked to consider whether the role of Clerk to the Authority should also be brought in house.

Members queried whether there was any advantage to having an external Clerk.

The Assistant Director - Resources explained that there would be an increase in duties for the Director but that overall workload would be only minimally impacted.

**RESOLVED: Members**

**a. Approved the changes to the arrangements for the position of Clerk to South Yorkshire Pensions Authority set out in the body of the report.**

**b. Agreed to absorb the role of Clerk within the duties of the Director with effect from 1 April 2025.**

The Director, George Graham, returned to the room.

20 GOVERNMENT CONSULTATION ON REMOTE ATTENDANCE AT LOCAL AUTHORITY MEETINGS

The Assistant Director – Resources presented the report to seek Authority Members' views and approval for a response to the Government's consultation "Enabling remote attendance and proxy voting at local authority meetings" as set out at Appendix A.

Members commented to show support for the response and expressed the view that they would welcome the possibility of remote meeting attendance as this would facilitate a broader range of people joining the Authority encouraging diversity and aiding inclusivity. Members also noted the value of in-person meetings and that remote attendance should be reserved only for certain circumstances.

The Assistant Director – Resources explained that detailed attendance rules and ongoing monitoring would be necessary to ensure any agreed changes did not negatively impact meetings of the Authority.

Members requested that training and briefings outside of official Authority meetings be made accessible remotely to give members flexibility around other commitments.

The Head of Governance and Corporate Services agreed to ensure all training be remotely accessible where possible to ensure maximum attendance.

**RESOLVED: Members**

**a. Considered the consultation questions and provide views on any changes to be made or additional comments to add to the response drafted at Appendix A; and**

**b. Approved the submission of the response, incorporating any changes agreed at this meeting, on behalf of the Authority.**

21 **DATA PROTECTION POLICY STATEMENT**

The Head of Governance and Corporate Services presented the Data Protection Policy Statement for approval.

**RESOLVED: Members**

**a. Approved the Data Protection Policy Statement attached at Appendix A; and**

**b. Delegated authority to the Director to approve the detailed policies and procedures that form the rest of the information governance framework.**

22 **ANTI-FRAUD POLICY AND WHISTLEBLOWING POLICY**

The Head of Governance and Corporate Services presented the Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy for approval.

**RESOLVED: Members approved the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.**

23 **GOVERNANCE MEETINGS CALENDAR 2025/26**

**Pensions Authority: Thursday, 12 December 2024**

The Head of Governance and Corporate Services presented Members with the proposed 2025-26 Governance Meetings Calendar for review and approval.

**RESOLVED: Members approved the 2025/26 Governance Meetings calendar and outline work programme attached at Appendix A.**

CHAIR



**Question 1 – Ms. J Cattell**

In view of the ongoing genocide in Gaza, the ongoing attacks on civilians in the West Bank, and the mass killing of civilians in Yemen and Sudan, and the arrest warrant issued for the Prime Minister of Israel for War Crimes (where many of the weapons you fund are sent), do you not think it is time to raise your opposition to the investments in arms companies with Border to Coast.

It is hard to believe that you are still refusing to acknowledge and condemn publicly the impact of your investments on innocent civilians the majority of whom are women and children.

One of the companies you invest in through Border to Coast is BAE systems. While not suggesting this company is involved in direct human rights abuses, it is clear BAE Systems has had few qualms about selling its products, in the last decade, to the authorities of states that have perpetrated, well-documented human rights violations. BAE Systems, it seems has an indiscriminate approach to business activities related to human rights. Human rights abuses do not seem to be BAE Systems' driving concern.

Action on Armed Violence (AOAV), a global explosive violence monitor, has evidence that BAE Systems' products have ended up in a considerable number of countries with high corruption levels. They have reported that in 13 of the 32 countries identified as human rights priorities by the UK Foreign, Commonwealth & Development Office, BAE Systems has definite relationships with ten and reported relationships with three.

*Human Rights Watch* also reported and confirmed sales by BAE Systems to states across the world that are known to have repeatedly committed human rights violations. These were evidenced in Human Rights Watch's *World Report 2023*.

I am particularly concerned about the use of explosive weapons. Since 2010 Action on Armed Violence found that globally when such weapons were deployed in populated areas, over 90% of those reported killed or injured were civilians, – a pattern consistent across conflict and location.

The five countries with the highest recorded civilian harm (2013-2023) to civilians from explosive weapons and were confirmed armed by BAE Systems were Israel (16,281), the Saudi-led coalition (11,384), the US-led coalition (6,534), Ukraine (2,282) and Turkey (2,217).

As you can see from the figures above the highest recorded civilian harm 2013-2023 to civilians from explosive weapons and sold by BAE systems was in Israel. The use of explosive weapons and the destruction to lives and infrastructure has been evident to us all in pictures from Gaza over the last year.

Action on Armed Violence (AOAV) reported “while the exact role of BAE Systems’ equipment in the deployment of explosive munitions is unclear, AOAV findings raise concern surrounding the deployment of indiscriminate explosives from one of BAE’s biggest end customers – Israel.”

BAE Systems is clearly making massive profits and since October last year when Israel started its bombing campaign against Gaza the share price has risen by 38.09%. Clearly an attractive investment for financial reasons but in the current circumstances I would like to think humanitarian considerations are given the highest priority.

Evidently the due diligence carried out by BAE and other arms companies does not address these issues raised above. Do you therefore agree that it is incumbent on yourselves to carry out enhanced due diligence on the arms companies you invest in such as BAE systems, Raytheon, QinetiQ, to follow the

supply chains and be clear about how these weapons that you are funding are used.

Also are you confident that scheme members would be happy with investments in arms companies that are contributing to genocide and so many civilian deaths.

Do you think it is important to have a stronger voice both within South Yorkshire and Border to Coast about human rights and conflict. In not raising your voice to question your investments particularly in arms companies, are you concerned about how history will judge you.

### **Response**

The question focuses on companies which export arms. The export of arms is tightly controlled and licensed by the Government. Companies engaged in this trade are specifically licensed to trade with individual countries and in relation to specific types of arms. Therefore, these companies are undertaking legally sanctioned activity, and it would not be in line with the legal principle known as “Wednesbury reasonableness” for the Authority to disinvest from a company for acting legally. The types of restriction placed on arms sales are rightly a matter for Governments and not investors.

Both South Yorkshire Pensions Authority and our colleagues at Border to Coast invest in line with their agreed Responsible Investment Policy, which excludes the financing of companies involved in the manufacture of controversial weapons that are considered to have an indiscriminate and disproportional impact on civilians during military conflicts. This includes not investing in companies contravening the Anti-Personnel Landmines Treaty (1997), Chemical Weapons Convention (1997), the Biological Weapons Convention (1975), and the Convention on Cluster Munitions (2008).

In terms of the views of scheme members there is no comprehensive evidence on this at present and research is to be undertaken on scheme members’ views on a range of responsible investment issues as part of the Investment Strategy Review. The only contact made with the Authority by scheme members in relation to arms sales and the situation in Gaza is from a small number of scheme members who have asked public questions. While the small number does not mean the views expressed might not be supported by a majority of scheme members the

reverse is equally likely to be the case, hence the need for the proper research to be undertaken.

The Authority does make its voice heard on issues of human rights and conflict areas within the Border to Coast Partnership and through its support for the work of the Local Authority Pension Fund Forum which has been very active in this area.

**Question 2 – Mr. I Pearson**

South Yorkshire Pension Authority's Climate Change Policy is clear about the Authority's commitment to stakeholder engagement as a way 'to encourage companies to adapt their business strategies to support the transition to a low carbon economy'. The policy also refers to the possibility of revising this approach and instead to 'consider actively reducing exposure to high-carbon intensity companies that fail to respond to engagement by not demonstrating a decrease in carbon intensity or carbon risk.

The update on Shell plc in the Authority's most recent Responsible Investment Update (Quarter 1 2024/25, p8) demonstrates how ultimately ineffectual this approach has been. Despite active engagement and relevant shareholder resolutions, Shell plc announced earlier this year a drastic scaling back of their transition plan - slashing their target of a 45% reduction in net carbon intensity by 2035 down to 20%. (reference: <https://www.carbonbrief.org/shell-abandons-2035-emissions-target-and-weakens-2030-goal/>). BP have similarly announced an intention to reduce investment in renewables and expand oil and gas production (<https://www.thetimes.com/business-money/energy/article/bp-to-drop-target-of-cutting-oil-production-5lggdqkbk?>)

Could the Authority share its thinking on why stakeholder engagement should still be considered an effective strategy in the case of Shell and BP and could you provide some clearer idea of what this company would have to do to be considered as having failed 'to respond to engagement' e.g. what are the red lines the Authority is working to?

## Response

SYPA and Border to Coast believe that engagement and constructive dialogue with invested companies is more effective than divestment, and that by remaining engaged we can effect change at those companies. This is a fundamental part of our responsible investment approach and, supported by Border to Coast's recent research work, which examined the academic evidence for both divestment and engagement in the context of climate change. The report found that multiple studies show engagement can have impact, acknowledging that there are limitations. It found there is little evidence that divestment can trigger significant change at companies. Engagement is how we believe we can most effectively drive positive, real-world outcomes and push for alignment with net zero goals in our portfolio companies.

Border to Coast's Responsible Investment Policy, which is available on their website, sets out the escalation process if their engagements do not lead to the desired results. The methods of escalation vary, and depend on the circumstances, but include for example: voting against related agenda items at shareholder meetings, attending shareholder meetings in-person to raise concerns, making public statements, publicly pre-declaring our voting intentions, and filing or co-filing shareholder resolutions.

The case-by-case nature of engagement and the many other investment criteria considered, means that we do not have a singular threshold for divestment. If engagement is unsuccessful or unsatisfactory, Border to Coast assess both the feasibility of future engagement steps and the existing investment case. If Border to Coast identify a fundamental weakening of the investment case, a decision may be taken to sell or reduce our holding in the company's shares. Ultimately, any divestment decision is an investment decision should the Environmental, Social and Governance risks become too great, for example due to the risk of stranded assets.

Over the last two years Border to Coast have escalated their engagement with BP and Shell. This has included voting against the re-election of both Chairs of the Board

due to climate concerns, supporting independent shareholder resolutions aligned with the objectives of the Paris climate agreement, voting against management resolutions that present inadequate transition plans, and publicly pre-declaring our votes against management ahead of the AGMs to encourage other shareholders to do the same. The table below demonstrates how Border to Coast have strengthened their voting against BP and Shell.

**Voting Escalation at BP and Shell:**

	2019	2020	2021	2022	2023
<b>BP</b>	Abstained on a climate-related shareholder resolution		Supported a climate-related shareholder resolution	Voted against the company's Climate Transition Plan  Supported a climate-related shareholder resolution	Voted against the chair due to climate concerns  Supported a climate-related shareholder resolution  Publicly pre-declared votes ahead of AGM
<b>Shell</b>	Voted against a climate-related shareholder resolution (as the proponent was attempting to withdraw it)	Abstained on a climate-related shareholder resolution	Voted in support of the company's Energy Transition Strategy  Abstained from a climate-related shareholder resolution	Voted against the company's Energy Transition Strategy  Supported a climate-related shareholder resolution	Voted against the chair due to climate concerns  Voted against the company's Energy Transition Progress  Supported a climate-related shareholder resolution  Publicly pre-declared votes ahead of AGM

Border to Coast has been told by the Chair of the Board at Shell that recent engagement by Border to Coast's has been instrumental in Shell making a science aligned plan to reduce oil production. It is results such as this that lead Border to Coast to consider options for filling their own resolutions at the Annual General Meetings, on behalf of Partner Funds, to hold the Board to account for the decarbonisation transition plans implemented and to ensure value for long-term shareholders such as SYPA.

### Question 3 – Mr. F Cross

The Mansion House speech on 14th November and accompanying report (<https://www.gov.uk/government/collections/pensions-investment-review-interim-report-consultations-and-evidence>) provided more information on Rachel Reeves' proposed changes to the LGPS. Instead of one mega-fund we understand that there will be eight funds or pools as is the case currently. What, if any, significant changes will this bring for South Yorkshire Pension Authority (SYPA) and Border to Coast Pension Partnership?

### Response

The proposals set out in the Mansion House speech and the subsequent consultation issued by the Ministry of Housing, Communities and Local Government, which are discussed on the agenda for today's meeting cover a number of areas in relation to the development of investment pools such as Border to Coast and their relationship with underlying partner funds.

- All pools will have to meet a range of minimum standards, in particular having an FCA regulated entity at their centre with the capacity to manage money internally.
- Pool will become the principal investment adviser to Funds.
- Funds will retain responsibility for Strategic Asset Allocation and the determining of investment beliefs and objectives within a clear definition of the meaning of Strategic Asset Allocation.
- Funds will have to transfer management of remaining illiquid assets to pools by March 2026. Note this does not necessarily mean transfer into new pooled products.
- There will be a new regime for assessing the governance and effectiveness of individual funds which will operate through a peer review mechanism, but which will have considerable teeth.

As can be seen from the initial response to the consultation which appears on today's agenda SYPA and Border to Coast are well positioned in relation to the various new requirements and SYPA already meets the key new standards being proposed in relation to governance.

This does not mean that there will not be change. Clearly the relationship with Border to Coast will need to evolve as the pool becomes a provider of advice as well as being an investment manager and appropriate arrangements will need to be put in place to ensure that appropriate oversight mechanisms are put in place.

Border to Coast will need to develop new capabilities to provide advisory services and to manage local investment allocations on behalf of partner funds.

There are a significant number of more detailed and technical changes that will need to happen, and these will need to be set out in some detail in the implementation plans which each pool needs to submit to the Government by the end of February 2025.

#### **Question 4 – Ms. F Callow**

SYPA has investments in Leviathon. Can you tell me what sort of company Leviathon is, what its core business is and whether it is involved in the extraction of gas off the coast of Gaza?

What is the total value of assets that SYPA has in companies that manufacture arms and what is the income from those investments?

#### **Response**

Through the Border to Coast Overseas Developed Equity Fund SYPA holds exposure to the company Chevron, which owns a c.40% interest in the Leviathon gas field and serves as its operator. The field is responsible for less than 10% of the company's natural gas production. The holding in Chevron has fallen from around 1.5% of the



portfolio at the start of 2024 (1.1% today) through a combination of not actively buying shares, pro-rata, when the fund has experienced inflows and underperformance versus the other holdings. As a result, the US portion of the Overseas Developed Equity Fund is underweight in its holdings of US Oil and Gas versus its benchmark. The exposure to Leviathon is therefore not financially material to the pension fund.

The total value of defence exposure as defined as companies classified as Aerospace and Defence under GICS Industry for Equity and Listed Alts and Aerospace/Defence under Bloomberg Classification Level 4 for Fixed Income is £109.4m as at 30 November 2024. It should be noted that not all revenues from these companies will be through the manufacture of arms, this will be a subset within a large conglomerate, for example Airbus or Rolls Royce.

Unfortunately, Border to Coast have been unable to provide portfolio level income data.

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