

# Public Document Pack

## **SOUTH YORKSHIRE PENSIONS AUTHORITY**

**5 JUNE 2025**

PRESENT:

Councillor Donna Sutton (Chair)

Councillors: Roy Bowser, Craig Gamble Pugh, Jayne Dunn, Simon Clement-Jones, Alexi Dimond, Andrew Sangar, Ken Guest, Jason Charity, Rachel Reid, David Fisher and Trevor Smith

Non-Voting Co-Opted Members: Nicola Doolan-Hamer, Garry Warwick and Phil Boyes

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources & Chief Finance Officer), Andrew Stone (Assistant Director – Investment Strategy), Debbie Sharp (Assistant Director – Pensions), William Goddard (Head of Finance and Performance), Jo Stone (Head of Governance and Corporate Services & Monitoring Officer), Joanne Webster (Service Manager – Customer Services) and Gina Mulderrig (Governance Officer)

Independent Investment Advisers: Aoifinn Devitt and Jonathan Hunt

Local Pension Board Members: David Webster and Councillor David Nevett

Independent Audit and Governance Committee Member: Emma Dawson

### 1 **WELCOME AND INTRODUCTIONS**

The Director welcomed everyone to the meeting including Councillor George Jabbour, Chair of Border to Coast Joint Committee and members of the Local Pension Board.

### 2 **APOLOGIES**

None.

### 3 **DECLARATIONS OF INTEREST**

Councillor Dimond declared he was a member of the Palestinian Solidarity Campaign.

### 4 **ANNOUNCEMENTS**

Loyal Service Awards

The Director presented the report and provided members with the opportunity to acknowledge the loyal service of members of the Authority's staff.

**RESOLVED: Members congratulated and thanked staff who have achieved loyal service awards as set out in the body of the report.**

### 5 **URGENT ITEMS**

The Director gave an update to make members aware of the content of the Government's response to the "Fit for the Future" consultation published on 29th May 2025.

**RESOLVED: Members**

**a. Noted the Government's final proposals for changes to pooling and governance within the Local Government Pension Scheme.**

**b. Indicated whether there were any issues of concern at this stage which officers should factor into their work to address the Government's proposals.**

**6     ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS**

**RESOLVED: Item 26 was considered in the absence of Public and Press by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.**

**7     APPOINTMENT OF CHAIR AND VICE CHAIR**

The Director invited nominations for the role of Chair. Councillor Donna Sutton was nominated for the position by Councillor Dunn and seconded by Councillor Sangar. There being no other nominations Councillor Sutton was confirmed as Chair of the Authority for the 2025/26 Municipal Year and assumed the Chair. The Chair invited nominations for the position of Vice-Chair. Councillor Roy Bowser was nominated by Councillor Dunn and seconded by Councillor Fisher. There being no other nominations Councillor Bowser was confirmed as Vice Chair.

**RESOLVED:**

**a) Councillor Donna Sutton was elected Chair of the Authority for the municipal year 2025-26.**

**b) Councillor Roy Bowser was elected Vice Chair of the Authority for the municipal year 2024-25**

**8     VOTE OF THANKS TO OUTGOING CHAIR**

The Chair thanked the outgoing Chair, Councillor Jayne Dunn who will remain on the Authority as a member and as the Section 41 Officer representing Sheffield City Council, for all her hard work for the Authority in 2024-25, especially as she was also serving as Lord Mayor of Sheffield City Council at the time.

The Chair welcomed new members to the Authority, Councillors Charity, Reed, Guest and Smith.

The Chair thanked outgoing members of the Authority; Councillors John Mounsey, James Church, David Nevett and Neil Wright, and confirmed all outgoing members had received letters of thanks

**9     MEMBERSHIP, POLITICAL BALANCE AND APPOINTMENTS TO COMMITTEES**

The Director delivered a report on the appointments to the Authority's Committees for the 2025/26 Municipal Year in line with the political balance rules applying to the Authority.

**RESOLVED: Members**

- a) Noted the members appointed to the Authority by the District Councils**
- b) Noted the members appointed to answer questions in the meetings of the Full Council of the District Councils**
- c) Approved the following appointments to Committees:**

**Audit and Governance Committee:**

**Councillor R Bowser (Chair)**

**Councillor T Smith**

**Councillor K Guest**

**Councillor J Charity**

**Councillor D Fisher**

**Councillor S Clement - Jones**

**Appointments and Appeals Committee:**

**Councillor D Sutton (Chair)**

**Councillor R Bowser**

**Councillor J Dunn**

**Councillor A Dimond**

**Councillor R Reed**

**Councillor A Sangar**

**Staffing Committee:**

**Councillor D Sutton (Chair)**

**Councillor R Bowser**

**Councillor J Dunn**

**Councillor A Dimond**

**Councillor R Reed**

**Councillor A Sangar**

**10     PUBLIC QUESTIONS**

Questions were received from June Cattell, Mr M Y Ashraf, Sue Owen and Tariq Abdulkarim. The Director replied on behalf of the Authority. Given the similar nature of all four questions, one response explaining the policies of the Authority was provided.

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

The written questions and reply are attached as appendices to these minutes.

**11     SECTION 41 FEEDBACK FROM DISTRICT COUNCILS**

The Chair shared that a number of questions regarding SYPA had been asked and answered at meetings of Rotherham Metropolitan Borough Council and that she would keep the Authority updated on any future queries or issues that may arise.

Members requested further detail on the Sheffield City Council Motion Regarding "Ethical Investment of Pension Funds" that had been presented to SYPA. The Director agreed to schedule a meeting for Authority members to further discuss the motion.

12 MINUTES OF THE MEETING HELD ON 13 MARCH 2025

**RESOLVED: Members agreed that the minutes as presented for the Authority Meeting held on 13 March 2025 were a true and accurate record.**

13 QUARTER 4 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources presented the Q4 Corporate Performance Report for members to consider and approve. The Head of Finance and Performance added specific commentary on Q4 Provisional Outturn for 2024/25 report and final yearly costs to the Authority including that the outturn for the year before transfers from reserves was an under-spend of (£382k), with an under-spend of (£138k) after the transfers to reserves.

Members queried the Corporate Risk Register and asked whether reputational damage to SYPA due to investment in Israeli Government bonds and weapons manufacturers should be considered and if there was any risk members of the Authority could be found legally accountable for the outcome of any such investments.

The Director explained that legal advice on the issue was clear and that members of the Authority were not liable for the outcome of investment decisions and that this was not a risk that needed consideration. It was explained that the Corporate Risk Register was constantly under review but that it was not considered necessary to add reputational damage as a specific risk at this point having considered the Authority's position in the industry and the duty to scheme members

**RESOLVED: Members**

- a) **Approved the budget virements as set out in paragraph 4.25 of the report.**
- b) **Approved the transfers to earmarked reserves as set out in the table in paragraph 4.71; amounting to a net total transfer to reserves of £216,290.**

14 ADVISER MARKET COMMENTARY

The Assistant Director – Investment Strategy introduced the Independent Investment Adviser, Aoifinn Devitt. The Independent Investment Adviser presented the Market Commentary Report for members to consider and note.

Members thanked the Independent Investment Adviser for her commentary and asked for her opinion on whether the outcomes of the recent actions taken by the US Government might mean more investment in Europe.

The Independent Investment Adviser explained that she did believe the results of the US Government's measures had made it a less attractive economy to invest in and that this would lead to increased global investment outside the USA, including in Europe and in the UK.

**RESOLVED: Members noted the report.**

15 QUARTER 4 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy delivered the Q4 Investment Performance Report highlighting key areas of performance over the last quarter.

Members noted that the current asset allocation was underweight in the Climate Opportunities and Renewable Energy asset classes and asked whether considerations were being made to change this. The Assistant Director – Investment Strategy explained that these were illiquid asset classes which would, by nature, be built up over time. The team would be discussing progress and opportunities in this area with Border to Coast Pensions Partnership at an upcoming meeting. The Assistant Director – Investment Strategy noted that he would continue to update the Authority members in this matter.

Members asked whether the equity investment and debt funding to support the growth of small and medium sized local businesses that the Pension Authority, in alignment with the South Yorkshire Mayoral Combined Authority's economic development strategies, had pledged would support expansion into the newer areas such as Climate Opportunities and Renewables. The Director explained that it would be up to the individual fund managers appointed by the Authority to invest the money where they chose but that 'green' investment opportunities were potentially available and attractive.

**RESOLVED: Members noted the report.**

16 QUARTER 4 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Assistant Director – Investment Strategy presented the Quarter 4 Responsible Investment Update, covering the likes of company engagement and emissions data. He further explained the recent engagement Border to Coast Pensions Partnership had undertaken with BP following BP's strategy reset in Q1 2025, which weakened its climate targets and transition plan. It was explained that, as part of Border to Coast's engagement escalation, they had signalled their concern by publicly pre-declaring they were voting against the re-election of the Chair of the Board and voting against acceptance of the annual report and against approval of the remuneration report. It was explained that a significant number of shareholders (24%) voted against the re-election of the Chair of the Board and that Border to Coast Pensions Partnership will continue to escalate, which may incorporate co-filing a resolution with BP. It was explained that there was currently no formal process in place at Border to Coast for divestment based solely on a failed engagement but this is an aspect of responsible investment which, among others, will be discussed between SYPA, Border to Coast and the other Partner Funds over the coming months.

Members asked for a timeline on the next stage of engagement with BP and more clarity on what would happen if engagement continued to fail to give the required outcomes for Border to Coast Pensions Partnership and the Authority.

The Assistant Director – Investment Strategy explained that there was no confirmed timeline in place and that it was still early in the engagement process with many aspects to consider before making any significant decisions. The Director added that Border to Coast Pensions Partnership would be undertaking their annual responsible

investment policy review and that this would look at the escalation process associated with engagement.

Members asked for further detail on growing tensions between asset managers (such as BlackRock) withdrawing from key climate initiatives, whereas many investors continue to believe in the importance of these initiatives. In many cases – but not all – it has tended to be US managers leaving climate initiatives given the political climate in the States. The Independent Investment Adviser explained that some alliances between asset managers and investors in the industry have been negatively affected over such matters. This period of change, however, has arguably made it more clear to the industry which asset managers were actually fully committed to responsible investment and which asset managers had been acting performatively and simply following prevailing trends.

Members welcomed the updates on engagement but asked whether there had been any engagement with Israeli companies held within the portfolio – when and why the decision was made for Border to Coast Pensions Partnership to invest in Israeli Government bonds.

The Assistant Director – Investment Strategy explained that he was not aware of any engagement but that he would follow this up with colleagues at Border to Coast Pensions Partnership for confirmation. The Assistant Director – Investment Strategy added that he would ask Border to Coast Pensions Partnership to provide rationale on the timing and decision of Border to Coast Pensions Partnership to invest in Israeli Government bonds and report back to Authority members.

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

17 PENSIONS ADMINISTRATION IMPROVEMENT PLAN UPDATE

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

Members welcomed the improvements on data quality and the Administration Improvement Plan in general and asked for further detail on the backlog and when it was expected to be cleared.

The Assistant Director – Pensions explained that clearing the backlog had slowed due to lack of staffing resource and available overtime. This issue was now to be tackled by one of the Benefits teams targeting the backlog on a monthly rota, with the aim of completing the task by the end of 2025. The Assistant Director – Pensions also explained that as well as processing the backlog, the Benefits team also had to ensure incoming work was promptly dealt with to avoid creating a new backlog and that a number of very complex cases may also affect the team's ability to meet the planned completion date. Third party help may need to be sought.

Members asked for an update on the installation of software needed to implement the McCloud Remedy and whether all members who require the rectification have been identified.

The Assistant Director – Pensions explained that the software development/installation was still delayed due to Civica, the software supplier. It was

explained that the members that needed to be checked to see if they required the rectification had been identified but that the developments currently still awaited were required before the software could perform the calculations required to identify any members with an underpin. There may be manual rectifications required for cases the software can't calculate and it was explained that this work was not identified as part of the backlog but was a separate process, yet to be started.

**RESOLVED: Members**

**a. Noted and commented on the 2024/2025 plans for Administration improvement that are in place.**

**b. Agreed the Data Quality Strategy at Appendix A.**

**18 DETERMINATION UNDER MCCLOUD IMPLEMENTATION**

The Assistant Director – Pensions presented the report to update the Authority on the McCloud Implementation Plan. It was explained that because the next phase of the required software developments had been delayed by the supplier, it was necessary to move the implementation deadline to 31 August 2026.

Members accepted the rationale for moving the deadline but asked how many other administering authorities were affected and whether all such delays were caused by the same software provider, Civica.

The Assistant Director – Pensions explained that some alternative software suppliers had allowed some administering authorities to start analysing their data but that all were at different stages. It was explained that around 27% of administering authorities had commissioned the software from Civica and that all these were delayed in the same way as SYPA.

Members asked whether the delay would have a practical effect on scheme members and the Authority and whether there maybe any financial costs or penalties to award affected scheme members and whether these could be passed on to Civica.

The Assistant Director – Pensions explained that once scheme members affected are identified, they will be informed on their Annual Benefits Statement that their account will be reviewed in line with the McCloud remedy in the near future while Civica complete the promised provision of software. The Assistant Director – Pensions explained that any costs to scheme members resulting from the McCloud Remedy were not a priority concern; very few members are expected to be awarded a net increase in provision and the majority of arrears built up for those that do, will have come from years prior to the McCloud ruling rather than as a result of Civica's delays.

Members asked for more explanation on why Civica has had such delays in providing the software. The Assistant Director – Pensions explained Civica had accepted responsibility for the delay and blamed it on internal resource provision and allocation issues which they have now made measures to tackle. It was explained that SYPA and other administering authorities have continually engaged with, and put pressure on, Civica and the onus is on Civica to now rebuild the confidence of their users.

**RESOLVED: Members determined that the implementation date for the McCloud Remedy be delayed to 31 August 2026 for all classes of member.**

19 CONSULTATION ON LGPS ADMINISTRATION REGULATION CHANGES - ACCESS AND FAIRNESS

The Assistant Director – Pensions presented the report to update the Authority on a consultation opened by MHCLG on the Local Government Pensions Scheme in England and Wales; Access and Fairness.

Members asked whether the consultation response would be shared with Trade Unions before submission. The Assistant Director – Pensions explained that it was an open and transparent consultation which had also been shared with LGPS employers.

**RESOLVED: Members delegated the response to the consultation to Officers in consultation with the Chair and s41 Members.**

20 GOVERNANCE, REGULATORY AND POLICY UPDATE

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

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

21 AUTHORITY EFFECTIVENESS REVIEW 2024/25

The Head of Governance and Corporate Services presented the results of the Authority's first annual review of its effectiveness in 2024/25.

**RESOLVED: Members agreed the Effectiveness Review report at Appendix A.**

22 ANNUAL REPORT OF AUDIT & GOVERNANCE COMMITTEE 2024/25

The Head of Governance and Corporate Services presented the Audit & Governance Committee's annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.

**RESOLVED: Members reviewed the Annual Report of the Audit and Governance Committee for 2024/25 as attached at Appendix A.**

23 ANNUAL REPORT OF LOCAL PENSION BOARD 2024/25

The Head of Governance and Corporate Services presented the annual report of the Local Pension Board for consideration, in line with the LGPS Governance Regulations and as part of the process of gathering assurance for the production of the Annual Governance Statement.

**RESOLVED: Members received the annual report of the Local Pension Board 2024/25.**

24 ANNUAL GOVERNANCE STATEMENT 2024/25



The Director presented the Authority's Annual Governance Statement to members for approval.

Members asked for clarity on the area for improvement identified regarding further strengthening the governance of the partnership arrangements with Border to Coast in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS.

The Director explained that there were several areas for improvement including how the Authority oversees Border to Coast Pensions Partnership performance (in collaboration with other partner funds) and how the Authority can address areas of single person dependency with relation to senior officers. It was explained that there will be large, multiple and far-reaching changes regarding pooling and partnership arrangements driven by the Government's reforms and that the scope and detail of such changes is not yet fully clear.

Members asked for information on the regulations regarding receiving petitions. The Director explained that the Authority had not received a petition before 05 June 2025 so did not have a procedure in place. It was explained that democratic services guidelines were different for SYPA than for Local Authority Councils and that members were able to ask for a petition procedure to be drafted for approval, but that the Authority could only consider the requirements and opinions of scheme members and were not in a position to enact any changes as a direct result of a petition, unless such changes were in the best interests of scheme members.

**RESOLVED: Members**

**a. Approved the Annual Governance Statement for 2024/25 and authorised its signature by the Chair and Director.**

**b. Noted the provisional conclusion of the Head of Internal Audit which will be revised if required by the content of the Internal Audit Annual Report.**

**25     CONSULTATION, COMMUNICATION AND ENGAGEMENT STRATEGY**

The Assistant Director - Pensions and the Service Manager – Customer Services presented the report to secure approval by the Authority of the updated Consultation, Communications and Engagement Strategy which supports the Corporate Strategy.

Members asked whether the Engagement and Accessibility principle listed in the strategy related to scheme members only or included members of the public speaking at meetings held in public.

The Director explained that this strategy related only to scheme member engagement and that public engagement at Authority meetings was a different issue which would be reviewed and reported to members separately.

Members noted the recent Responsible Investment survey sent to scheme members and asked how often such a survey will be circulated.

The Director explained that it is expected that a Responsible Investment survey would be circulated every 3 years in line with the review of the Investment Strategy. It was explained that customer satisfaction surveys and single issue surveys were being

continually rolled out to scheme members to gain their opinions and feedback. It was also explained that running the 2025 AGM as a video was successful in terms of convenience and the number of views, questions and engagement and that this would be repeated going forward.

Members expressed that good, comprehensive updates to scheme members in easy to understand language was key to a good communications strategy and praised the developments SYPA had made in this area. The Director added that it was due to investment in a communications professional, as supported by the Authority, and a strong Customer Services team that such positive progress had been made.

Members asked what the future of digital communications looked like. The Service Manager – Customer Services explained that it was recognised that increased digital communications was needed, but that SYPA will also continue to provide for alternatives for scheme members that prefer not to engage in that way. It was explained that SYPA aim to improve their online services and log in processes to make them more user friendly and facilitate moving the bulk of communications online.

**RESOLVED: Members approved the revised Consultation, Communications and Engagement Strategy.**

26 UPDATE ON POOLING

The Director updated the Authority on the process of discussions with funds that may wish to join Border to Coast, and the development of new capabilities as part of the Border to Coast 2030 Strategy and in response to the Government's Local Government Pension Scheme (LGPS) – Fit for the Future consultation.

Members discussed potential implications and costs involved with admitting new funds to Border to Coast Pensions Partnership and acknowledged the deadline of March 2026 to enact any changes.

**RESOLVED: Members**

- a. **Noted the position on the potential growth of the Border to Coast Pensions Partnership set out in the body of the report.**
- b. **Noted the positive progress with the development of new capabilities by the Border to Coast operating company.**
- c. **Commented on any concerns that may arise because of the expansion of the Border to Coast Pensions Partnership.**

CHAIR

CHAIR

## Public Questions

### Question 1 – Ms June Cattell

It is clear from our petition and the people that we have talked to, that the residents of South Yorkshire are aware of the horror of what is happening in Gaza and the West Bank and many shocked at the complicity of SYPA in funding Israeli bonds and arms companies selling arms to Israel.

You will be aware that over 60,000 people have been killed in Gaza, including over 20,000 children many of whom have been killed in the tents and schools where they were sheltering. Many people in South Yorkshire have lost relatives and friends and are horrified of the daily news of genocide and destruction in Gaza and the ethnic cleansing of the West Bank.

I have been dismayed by the destruction of hospitals, schools and universities as well as the targeted killing of medical responders and journalists.. Gaza itself has been reduced to a wasteland and infrastructure destroyed.

Food, water, power and medicines have not entered Gaza for many weeks, Using starvation for collective punishment and a weapon of war is a war crime and all aid organisations and the United Nations are asking for this to stop.

It is hard to put ourselves in the place of the Palestinian people of Gaza and the West Bank and imagine how we would cope as our children and relatives are injured and killed and medicine and hospital facilities unavailable. There is not food to feed Gaza's children at a time when malnutrition is being diagnosed in Gaza. How must it feel not to be able to feed your children.

Also how would it feel to be in the West Bank where settlers and taking land, destroying houses and crops and where tens of thousands of Palestinians are arrested, tortured, and detained without trial. This is ethnic cleansing that is taking place in front of the whole world.

We all need to be raising our voices and taking any steps possible so we can to stop this Genocide. What is SYPA going to do? You can make a difference by withdrawing finance from companies that enable these atrocities. Will you do this?

People in South Yorkshire do not want to be inadvertently complicit in the atrocities. Will you listen to their views and revise your investment policies?

### Question 2 – Mr Ashraf

As-Salaam Alaikum

Good Afternoon Chair, Councillors and Officers,

We present this petition containing [ ] signatures by South Yorkshire taxpayers and South Yorkshire Pensions Authority scheme members.

Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, specifically Regulation 7(2), administering authorities must consider environmental, social, and governance (ESG) factors—including human rights risks—alongside financial considerations.

This aligns with the Supreme Court's ruling in *Palestine Solidarity Campaign Ltd v Secretary of State* [2020] UKSC 16, which confirmed that pension authorities may adopt ethical investment policies provided they do not pose a "significant risk of financial detriment" and members share the concern. Thereby satisfying the Law Commission's report on *Fiduciary Duties of Investment Intermediaries*, fiduciary test.

In addition, according to the Pension Policy Briefing Note Number 124, The financial implications of Environmental, Social and Governance (ESG) factors are becoming increasingly important considerations in pension schemes' investment decisions as these issues become more pressing, both in terms of being more widely recognised as material risks, as well as a result of external pressures such as increased regulation and a broader societal focus.

I would like to ask the following.

Will South Yorkshire Pensions Authority conduct a fiduciary risk assessment, to prove retaining these investments poses no "significant financial detriment," including:  
Analysis of reputational risks (e.g., alignment with UNHRC findings on corporate complicity in abuses);  
Projections of legal liability under evolving statutory obligations;  
Fulfill its fiduciary duty to mitigate the severe financial, legal, and reputational risks of maintaining such investments?

Given that SYPA's holdings in companies which manufacture weapons being used by Israel to kill Palestinian civilians and in Israel itself amount to around just 1% of the total value of the fund, at a time where SYPA is around 160% funded, does the Authority accept that it could divest without any risk of being unable to meet its liabilities?

In previous responses to questions regarding the legality of maintaining investments in companies which manufacture weapons being used by Israel and Israel itself, SYPA has relied on a single legal opinion by Nigel Giffin KC, does the Authority accept that his opinion contradicts the ICJ ruling that "States must immediately review all diplomatic, political and economic ties with Israel, inclusive of business and finance, pension funds, academia and charities."?

Are Authority members content to ignore the ruling of the ICJ, despite the innumerable human rights violations being committed on a daily basis, and how can this be reconciled with SYPA's existing RI policy?

Given the legal obligations outlined above, will South Yorkshire Pensions Authority update its Investment Strategy Statement to reflect the South Yorkshire taxpayers and scheme members' views on divestment as evidenced by the Petition which we are presenting today?

Thank you in advance to the officers for taking the time to answer my question.

### Question 3 – Ms Sue Owen

South Yorkshire Pension Divest for Palestine Campaign have collected signatures across South Yorkshire for a petition that calls on SYPA to divest from Israeli Government bonds and arms companies involved in human rights abuses, in particular those companies that contribute to ongoing genocide, occupation, apartheid and ethnic cleansing of Palestine.

The petition reads as follows

We the undersigned South Yorkshire residents or members of the South Yorkshire Pension Scheme are concerned that South Yorkshire Pensions Authority (SYPA) is investing our money in Israeli government bonds and companies that are currently helping to sustain or profit from Israel's illegal occupation of Palestine, and the ongoing genocide and forced displacement of the Palestine people;

It is the view of United Nations legal experts that "States must immediately review all diplomatic, political and economic ties with Israel, inclusive of business and finance, **pension funds**, academia and charities."

We therefore call on South Yorkshire Pensions Authority to develop an Ethical Investment Policy that specifically seeks to:

1. Divest from companies engaged in arms manufacture
2. Divest from companies that are complicit in human rights abuses in Palestine or on the UN's list of businesses operating in the illegal-settlements in the Occupied Palestine Territory
3. Divest from Israeli government bonds

We have collected signatures from people across South Yorkshire including people who are members of the pension fund. We have included members of the public living in South Yorkshire as all residents contribute through their Council Tax to the pension scheme for local authority workers, and those that have retired through the employer contribution to the pension for every employee. Local Authorities also underwrite the pension scheme. Everyone in South Yorkshire therefore has an interest in how pension money is invested.

We have collected signatures at council workplaces, as well as other public places throughout South Yorkshire giving the option of signing on line or on paper. We have been amazed at the response. The vast majority of the people we have approached have been willing to sign. They have been shocked that the pension scheme invests in arms companies, particularly investments in companies selling arms to Israel.

There is of course a duty on pension schemes like SYPA to take into account the views of members and explain how this impacts on your investment strategy.

#### *Pension Policy Briefing Note Number 124*

*'The financial implications of Environmental, Social and Governance (ESG) factors are becoming increasingly important considerations in pension schemes' investment decisions as these issues become more pressing, both in terms of being more widely recognised as material risks, as well as a result of external pressures such as increased regulation and a*

*broader societal focus. Schemes are now required to show that they have at least considered ESG factors when formulating their investment strategy.'*

It is clear that residents and members of the scheme, do not want their contributions to be invested in companies that supply arms to Israel, which are being used to fund genocide in Gaza and ethnic cleansing in the West Bank. We suggest this is causing you reputational damage.

The final petition will be presented to the meeting on June 5<sup>th</sup> and we would like to ask:

- **Will you take into account the views of pension members and residents across South Yorkshire, as illustrated by our petition, in your future investments?**
- **Instead of these investments that cause harm, are you looking at investing in companies that would generally be agreed to benefit people and society, such as in the green transition and social housing, as well as contributing to the local economy.**

#### **Question 4 – Mr Tariq Abdulkarim**

*We present this petition containing [X] signatures calling on South Yorkshire Pensions Authority to **Divest** from any entity materially complicit in the Occupied Palestinian Territory illegal occupation.*

I speak both as a member of this community and on behalf of my family. My immediate family, my three-year-old daughter and five-year-old son both hold Palestinian IDs; my father, naturalised in 1991, was born in Gaza and forced to flee at age four; my wife, naturalised last year, was born and raised in Hebron, the West bank, and lived her whole life under a violent and illegal occupation. My Palestinian/British direct family here in Rotherham count 9 tax payers amongst them some SYPA members. My extended family in Palestine, who's horrors I could not do justice to in three minutes, suffer racist occupation that you invest our money in.

Alongside my family's story, South Yorkshire residents have added their names to a petition calling on SYPA to end investments in Israeli government bonds and in companies that profit from or sustain the illegal occupation, forced displacement, and ongoing genocide in Palestine.

So, I ask, will SYPA now conduct immediate due diligence and guarantee that none of its investments in Israel—whether government bonds or corporate shares—directly or indirectly funds activities in the OPT?

Let me briefly explain why this matters:

1. **Illegal Occupation:** The International Court of Justice has confirmed that Israel's annexation, settlement expansion, and discriminatory practices in the OPT violate the Fourth Geneva Convention which was ratified by the UK in 1957. There is no higher authority to determine this.
2. **Complicity Through Investment:** When SYPA invests in firms that operate in the OPT or subjugate Palestinian workers in settlements—or even those in Israel

proper that draw on West Bank water or minerals without fair compensation—you become complicit in an illegal and racist occupation. You fail in your fiduciary duty and create liability for your members

3. **Modern-Slavery-Level Exploitation:** Palestinian labourers in settlements earn as little as \$1.50 per hour, without social protections—conditions akin to forced labour. Under Section 54 of the Modern Slavery Act 2015, SYPA must not facilitate such practices. To be clear, you cannot invest in companies based anywhere in the world that operate in the OPT or companies in Israel that hire Palestinians without fair compensation

**Resource Theft and Israeli bonds:** Israel withholds up to 17% of Palestinian municipal revenues illegally and uses it in Israel's economy, it also controls West Bank water, leaving many millions in water poverty according to WHO. Any company benefiting from these stolen resources poses a liability with no statute of limitation.

We demand that the pension fund aligns with international law and the ethical standards we uphold.

**Call to Action:** SYPA must:

- **Audit** all current holdings for links to settlement activity, resource expropriation, or forced-labour practices.
- **Divest** from any entity materially complicit in the OPT occupation, including companies on the UN's settlement list and Israeli government bonds.
- **Adopt** a binding Ethical Investment Policy that explicitly excludes arms manufacturers and all firms sustaining the illegal occupation.

Chair, will you commit today to safeguard members contributions—so that neither our children, nor our community, nor SYPA itself is ever complicit in oppression?

## Response

*As all four questions address the same topic and are related to the submitted petition a single answer covering the points raised is being provided.*

*Firstly, it is important to say that no one could fail to be moved by the human tragedy unfolding in Gaza. The solution to this tragedy will come through politics and diplomacy and not directly through the activities of the Pension Fund which exists solely to ensure pensions are paid to scheme members when they fall due and not to act as an instrument of policy.*

*There are a number of distinct questions posed in the four questions:*

*Will the Authority take notice and act on the views expressed by residents and scheme members through the submitted petition?*

*The Authority always takes note of the views expressed by stakeholders. However, in taking decisions the Authority must act in the “best interests” of scheme members and is required to consider scheme members views in considering how issues beyond financial return should be reflected in decision making. Therefore, while the views of residents are clearly important, they do not carry weight in the decision-making process. The views of scheme members do carry weight which is why the Authority recently undertook a survey of scheme members to establish their views on the way in which non-financial issues should be*



*considered in investment decision making. The views of scheme members expressed through the petition do carry limited weight in determining future policy, the limitation coming from the fact that the petition is focussed on a single issue rather than the whole range of issues the Authority needs to address. Nonetheless it is a valid expression of views.*

*The ability of the Authority to act in response to the views expressed in the petition is limited to expressing a view to partners within the Border to Coast Partnership. The Authority cannot divest from individual companies as investments are held in pooled funds. The only way for the Authority to achieve what is asked in the question unilaterally would be to withdraw all holdings from the relevant funds, which would in this case cover most of the Fund's equity and fixed income holdings. To do so would fundamentally undermine the ability of the Fund to deliver its investment strategy and would rightly be open to legal challenge as it would clearly be a disproportionate action and not be acting in the best interests of scheme members.*

*The Authority does raise the issues raised in the petition with Border to Coast partners on a regular basis and has asked officers to report in December on the options for taking a different stance in relation to divestment from companies where engagement has demonstrably failed. This work is currently ongoing.*

*Will the Authority look to invest in things other than those that do harm?*

*The Authority already makes significant investment allocations to things which have a positive effect whether that be on the environment or society more generally. For example, 13.5% of the Fund (c£1.2bn) is allocated to a climate impact portfolio which is made up of assets which will aid the transition of the world to a low/no carbon economy. A further 5% of the fund (more than £500m) is allocated to place based impact investments which includes recent allocations to small and medium sized businesses in South Yorkshire and housing in South Yorkshire. The performance targets for these investments are the same as for other parts of the portfolio. The Authority needs to maintain an effectively diversified portfolio so there are limits to how much can be invested in these types of assets as opposed to traditional stocks and shares. The balance of investments is reviewed every three years, and the next review is about to commence and will be reported to the Authority for decision in March 2026.*

*Investments related to Gaza pose significant risks, will the Authority therefore in line with its fiduciary duty divest from these assets?*

*As the question makes clear the Authority can take certain non-financial factors into account in investment decisions. However, there are several factors which need to be considered in coming to such decisions. Firstly, would such a decision be supported by scheme members? In this case the issues are contentious across society more generally and without comprehensive survey data on this specific issue it is not clear what scheme members views are. Secondly, would the damage from the risks identified outweigh the returns achieved from the investment? It is difficult to answer this question in the abstract but on balance this seems, at present, to not be the case. Thirdly, is the impact on the Fund material? The answer to this is no. The scale of the holdings involved in the context of the Fund is very small. On this basis, even if it were possible to unilaterally withdraw from specific holdings this would not be justified on the grounds suggested.*

*Will the Authority adopt a "binding ethical investment policy"?*

*As has been explained in answer to previous public questions the Authority cannot adopt an ethical policy. Such a policy would be rooted in a system of faith or belief. There is no such*



*system of faith or belief to which all or even a majority of scheme members subscribe. Such policies are acceptable for religious institutions, for example a quaker institution might exclude arms companies from its investments because of their pacifist ideals which will be supported by all members of the faith. SYPA must adopt an approach known as responsible investment which seeks to hold companies to standards which mean that they will deliver long-term value for investors. A more detailed explanation of the approach is available on our website [Policies](#).*

*By a “binding policy” it is assumed that the question means a policy which can be enforced on Border to Coast partners, to deliver particular divestment decisions. The answer to this is no. The Authority’s policy sets out the position that it wishes to influence all Border to Coast partners to move towards. This approach has delivered some movement for example in the exclusion of more companies involved in pure coal and tar sands, but it would be accepted that there is further to go in many areas where the Authority would like to see progress.*

*Will the Authority take action to disinvest given the legal risks it faces?*

*The question takes the view that the Authority is required to act given various international law judgements related to the situation in Gaza. The legal advice to the Local Government Pension Scheme on this is clear. This is that the international law obligations quoted in the question fall to the state, in this case central government. Beyond this the Supreme Court has made clear in the Palestine Solidarity Campaign case that the money held by LGPS funds is not public money, rather it belongs to scheme members. The advice from Nigel Giffin KC is clear that any legal challenge on the grounds indicated in the question would be unlikely to succeed.*

*None of the above means that the points made in the four questions are without merit. It is simply the case that the Authority must act in the best interests of scheme members, which are largely financial interests, and that the issues raised do not present a financially material risk to the value of the Fund’s investments. The Authority is continuing to develop its policies in this area and will be debating responsible investment matters in much more detail later in the year.*

This page is intentionally left blank