



## **Border to Coast Joint Committee – 26<sup>th</sup> September 2024**

### **Public Questions**

#### **Question 1 – Ms. A Whalley**

The Chancellor, Rachel Reeves, has announced a pension review and her wish to create a “mega -fund” by merging the 86 funds that compose the LGPS. She sees it as a mechanism to increase investment in the UK, and has announced plans looking to create a “Canadian-style” pension model. She has been quoted in a 7<sup>th</sup> August Financial Times article, saying *“I want British schemes to learn lessons from the Canadian model and fire up the UK economy, which would deliver better returns for savers and unlock billions of pounds of investment.”*

These changes envisaged by the Chancellor of the Exchequer seem to have major implications for BCPP and the partner pension funds.

Our question is:

What impacts, either positive or negative, do you think this will have on the pension funds and their current partnership with BCPP? In particular, could this be an opportunity to remove investments in fossil fuel companies like Conoco Philips, Equinor, Shell, BP and re-direct investment that will positively contribute towards net zero and benefit the UK economy?

#### **Response**

The means and timescale for achieving the Government’s policy intent are not yet clear and will be delivered as part of the Pensions Review, the relevant phase of which is due to report before Christmas. The Government’s broad intent is that through creating larger pools of capital LGPS funds should be able to use more of their available risk budget to invest in assets which support the growth of the UK economy.

Whatever means is used to deliver these larger pools of capital the pools will still be owned by the underlying partner funds who will be responsible for agreeing relevant policies including the exclusion of specific types of company from the investment universe. Thus, as now consensus amongst partner funds will be required to make the sort of changes envisaged in the question.

## **Question 2 – Mr. S Ashton**

On page 11 of your Responsible Investment Policy, section 6.2.2 talks about escalation if engagement is not seen to be working

We are pleased to notice that in your Climate Change report 2023/24 (page 28) you have started the escalation process with BP and Shell by joining other UK pension funds to engage BP on the weakening of its short and medium-term emissions targets. You also joined other investors to pre-declare your support for shareholder resolutions aligned with the Paris climate agreement at BP and Shell ahead of their AGMs.

Returning to the point on escalation, you state that if the investment case has been fundamentally weakened, the decision may be taken to sell the company's shares.

At what point will you consider this to be the case for BP and Shell and what timelines do you apply to the process?

### **Response**

Border to Coast believes that engagement and constructive dialogue with the companies we invest in 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 our recent research work, is how we believe we can most effectively push for alignment with net zero goals in our portfolio companies.

Our Responsible Investment Policy, which is available on our website, sets out the escalation process if our 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 we consider, means that we do not have a singular threshold for divestment. If our engagement is unsuccessful or unsatisfactory, we assess both the feasibility of future engagement steps and the existing investment case. If we identify a fundamental weakening of the investment case, a decision may be taken to sell, or reduce our holding in, a company's shares.

Over the last two years we have escalated our 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 following questions deal with the same issues and a single response has been provided.

### **Question 3 – Mr. M Ashraf**

Ladies and gentlemen whether I am here amongst yourselves or opposite the edl supporters that were about to batter the police, continuously riot for hours on end, and try to burn down a building full of people.

I only expect equality before the law and equal law for all.

Nothing more, nothing less.

With that in mind could the officers provide specific answers to the following.

Do you have any investments in Russian companies?

If not, why not?

Your four priority engagement themes are low carbon transition, diversity, labour, and waste and water.

If you believe engagement works why haven't you made the Occupation, Apartheid, Ethnic Cleansings and the Genocide of Palestinians a priority engagement theme?

Ladies and gentlemen South Africa is a real world example where shameful engagement merely prolonged Apartheid and all the suffering and misery that entailed.

Divestment with the laudable help of over a hundred UK local councils such as Rotherham, Sheffield and many, many others via its membership of the Local Authorities Against Apartheid (LAAA) instead worked to end it.

Real world actions, deliver actual results and always beat untested academic theory no matter how nuanced.

Those of you who are politicians I think will understand the political and media implications of what I am about to say better than most.

Investing in a state that has numerous financial and arms links with multiple terrorist groups proscribed by the UK government should not be morally conscienable.

The personal and business legal implications are not to be sniffed at either.

isis that was found guilty of the Manchester Arena bombing is not an organisation that you would want to be associated with even if there is only a couple of degrees of separation.

As I have on the 18th of September 2024 provided Borders to Coast clear and fair notice.

What concrete actions have been taken that show Borders to Coast as behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law in relation to isis funding israel?

And could you provide a copy of your legal advice following my detailed revelations please?

As you all know due diligence should have been enacted before making such investments in order to keep all your fiduciary actions lawful under the relevant UK and international laws that are legally binding on all UK subjects.

I have faced more due diligence from someone selling me chickens for the allotment than Borders to Coast, that handles a fund in excess of 50 billion pounds sterling, appears to have undertaken while investing in a nation that the leaders of which the International Criminal Court Prosecutor has war crimes and crimes against humanity arrest warrants for.

And the International Court of Justice has, ruled that the israeli occupation of Gaza, West Bank and East Jerusalem and all settlements, is entirely unlawful and declares israel is committing racial segregation and Apartheid in the Occupied Palestinian Territories. And it rules that israel must evacuate all settlers, dismantle settlements and the wall, provide full reparations to the Palestinian victims, and allow all Palestinians that were ethnically cleansed to return.

Could Borders to Coast provide details on what has been done over the previous 11 months especially following the ICC and ICJ actions and rulings?

Ladies and gentlemen the information I have provided is sourced, evidenced and referenced in detail via the United Nations, International Criminal Court, International Court of Justice, the government of the United Kingdom and in conjunction with multiple israeli and other media sources.

As self-serving and myopic as the israeli media is, in conjunction with the Secretary Generals UNDOF report to the UN Security Council it is unbelievably damning.

Even in peacetime israel has a military censor regime that has to preapprove before allowing publication. Thereby even the israeli military admits to the veracity of the facts I have highlighted to yourselves.

Ladies and gentlemen they are so open about such heinous terrorist associations because they expect craven acquiescence.

Please do not continue to acquiesce to such vile, odious and extremely repugnant associations.

Ladies and gentlemen I have barely scratched the surface and could bring further honest questions with detailed references.

Instead could you provide a timeline of when you will be expediting Borders to Coast divestment from all primary, secondary and all other investments from

isis funding israel

and company's that further aid and abet the Occupation, Apartheid, Ethnic Cleansings and multiple Genocides?

Ladies and gentlemen.

It is the decent thing to do.

It is the human thing to do.

Please do so.

Thank you.

### **Response**

See response to question 4 below.

#### **Question 4 – Ms. J Cattell**

I worked for a local authority for 35 years contributing to the South Yorkshire Pension fund. I have always had the expectation that my money will be invested to do no harm to others.

The majority of South Yorkshire Pension funds are invested via Border to Coast. I was horrified to learn that Border to Coast has significant investment in arms companies including those that are contributing to the genocide in Gaza such as BAE systems and Airbus.

My understanding is that business and financial institutions have a responsibility to ensure they do not contribute to human rights abuses such as the Genocide in Gaza and the human suffering across the region. There is however a significant risk that your arms investments are doing so and also opening yourselves up to prosecution under international law.

An expert legal opinion, prepared by Irene Pietropaoli, commissioned by Al-Haq Europe and SOMO (The Centre for Research on Multilateral Corporations) to examine the legal consequences of the ICJ's order for Third States and corporations as part of their investigation into genocide in Gaza. reported;

*“Arms, weapons, ammunition, vehicles and other military supplies, including technology and fuel, are essential for the activities of the Israeli air force, ground forces and navy, and make an essential contribution to violations of international humanitarian law in Gaza. Dozens of companies domiciled in Third States (especially in the US and Germany) are currently [providing Israel with weapons and other military equipment](#). They are doing so knowing that their supplies are used in Israel's war in Gaza. These companies and their managers risk charges of complicity in genocide and other international crimes in their home States or international courts. Banks and other financial institutions that finance companies selling arms or other military supplies to the Israeli military or that provide funds directly to the Israeli State may also be contributing to the commission of genocide in Gaza.”*

In the recommendations of the same report it emphasises:

*Third States engaged in commercial activities with companies potentially implicated in acts of genocide in Gaza, for example through public procurement, as shareholders, or through public pension funds and other investments should terminate such contracts and exclude such companies. Pension funds should also withdraw their investments from*

*Israeli banks and other financial institutions. Third States should also impose a trade ban on any products and services of companies that are implicated in the illegal settlements.”*

Organisations like Border to Coast have a responsibility to ensure that their investments comply not just with British rule but International Law and the UN Guiding Principles for Business and Human Rights.

The use of my money for investments in the arms trade does not always correspond with the principles of responsible investment particularly investments in companies providing arms to Israel . You are beginning to recognise the impact of climate in your investment strategy. It would seem appropriate for you to review your strategy in relation to the arms trade, find a suitable alternatives to the investment in arms companies and make investments that do more public good. In doing this you will align yourself with people with humanitarian principles and those who seek peace in the world and condemn the slaughter of innocent individuals. I am requesting such a review into your investments in the Arms Trade.

I am sure there are many other pensioners like me who would be ashamed and horrified of how their money is being used

## **Response**

At Border to Coast we are strong advocates of Responsible Investment. Our approach considers environmental and social issues, including human rights, which could cause financial and reputational risk.

Border to Coast does not operate any explicit investment exclusions related to human rights violations. Instead, we identify all the risks a company faces to understand the materiality of these issues. We use a range of data providers during our due diligence and risk management processes to ensure that material issues are considered. For human rights indicators, we use UN Global Compact Company Assessments, the Plenitude Compass Country Risk List and ESG incident feeds. We also refer to watchlists related to a company’s involvement in Palestine and monitor the UN Human Rights Office of the High Commissioner and NGOs.

Border to Coast does have a controversial weapons exclusions policy. We have excluded 14 companies from the investment universe that manufacture whole weapons systems that have an indiscriminate and disproportional impact on civilians during and after military conflicts.

We prioritise engagement activity based on investment risk, the materiality of the issue and the probability of success.



We expect companies exposed to human rights issues to have adequate due diligence processes in line with the UN Guiding Principles on Business and Human Rights. Where a company is involved in significant social controversies and at the same time is assessed as having poor human rights due diligence, we vote against the most accountable board member or the report and accounts.

We work with an external provider to support our engagement activity. A current theme of engagement with them covers the human rights due diligence processes of companies operating in Israel, Palestine and the Occupied Palestine territories.

Border to Coast is monitoring the UK Government's legal and policy response to the Israel/Palestine conflict and will respond to any relevant developments. We rely on the UK Government's interpretation of international law. We are also expecting further guidance from the Scheme Advisory Board on fiduciary duty, which we will review once available.