

SOUTH YORKSHIRE PENSIONS AUTHORITY

4 SEPTEMBER 2025

PRESENT:

Councillor Roy Bowser (Vice-Chair)
Councillors: Simon Clement-Jones, Alexi Dimond, Jayne Dunn,
David Fisher, Craig Gamble-Pugh, Andrew Sangar and Rachel Reed

Trade Unions: Nicola Doolan-Hamer (Unison) and Garry Warwick
(GMB)

Investment Advisors: Aoifinn Devitt and Jonathan Hunt

Officers: George Graham (Director), Debbie Sharp (Assistant Director
- Pensions), Jo Stone (Head of Governance and Corporate Services),
Gillian Taberner (Director Designate), Will Goddard (Acting Assistant
Director - Resources) and Andy Stone (Assistant Director - Investment
Strategy)

Rachel Elwell and Sharmila Sikdar (Border to Coast Pensions
Partnership Ltd)

Apologies for absence were received from Councillor Donna Sutton
and Councillor Ken Guest

1 APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

2 ANNOUNCEMENTS

The Director informed members that Councillor Trevor Smith had resigned from his position as a member of the Authority, Barnsley MBC will appoint a replacement at their next full Council meeting.

3 URGENT ITEMS

None

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

Members noted that items 20 and 21 would be considered in the absence of the press and public.

5 DECLARATIONS OF INTEREST

Gillian Taberner (Assistant Director – Resources) and William Goddard (Head of Finance & Performance) declared an interest in item 9 and would leave the room whilst the item is considered.

6 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

Cllr Dunn advised that a Motion at Sheffield City Council was debated and passed the previous day, and the Authority will receive the feedback from this meeting in due course. The only action raised for SYPA in the motion had already been completed so there is nothing further to add.

7 MINUTES OF THE MEETING HELD ON 05.06.2025

RESOLVED: Members agreed that the minutes as presented for the Authority Meeting held on 05 June 2025 were a true and accurate record.

8 QUESTIONS FROM THE PUBLIC

Questions were received from Mr Ashraf, Ms Smith, Mr Cross and Mr Burnham. The Director replied on behalf of the Authority.

Written copies of the questions and the responses were given to the questioners and are attached as appendix to these minutes.

9 APPOINTMENT OF HEAD OF PAID SERVICE AND MISCELLANEOUS HUMAN RESOURCE MATTERS

The Director presented a report seeking approval of the appointment of an individual to perform Statutory Officer functions and to address consequential human resources issues and the impact of the national pay award on the Authority's pay and grading structure.

RESOLVED: Members

- a. **Approve the appointment of Gillian Taberner as Head of Paid Service and Clerk with effect from 19th December 2025.**
- b. **Approve the arrangements to set out in para 5.4 for interim cover for the role of Assistant Director – Resources pending a permanent appointment to the role.**
- c. **Approve the arrangements of the appointment of permanent Assistant Director – Resources set out in para 5.6.**
- d. **Approve the appointment of William Goddard as s.73 (Chief Finance) Officer with effect from 1st October 2025 until the appointment of a permanent Assistant Director – Resources.**
- e. **Approve the setting of Grade M at £93,559 - £102,865p.a. following the local government national pay award and the consequent setting of pay packages for staff at Grade M greater than £100,000.**

10 QUARTER 1 CORPORATE PERFORMANCE REPORT 2025/26

The Assistant Director – Resources presented the Quarter 1 Corporate Performance Report for 2025-26, noting that this is the first quarter reporting on the new Corporate Strategy that was approved by the Authority in February.

The Assistant Director – Investment Strategy provided an update on the Investment Performance, noting that a separate report for this quarter was not included in the agenda due to the recent transition to a new custodian, which led to some inevitable teething issues. A slimmed-down version of the report will be made available in the online reading room for members in due course and normal reporting procedures will resume from next quarter.

The Head of Finance and Performance provided an update on the budget outturn, noting that there was a forecast £247k underspend, some of which will be used towards costs associated with clearing the backlog in pensions administration. The prime driver of the underspend was employee costs, including the pay award which was budgeted at 4% but was now confirmed at 3.2%; alongside some recruitment delays and the Director transition which has had a knock-on effect.

Members probed about the risk relating to clearing the backlogs, asking that if we are not able to meet the current target what will be a realistic timeline for clearing the casework. The Assistant Director – Pensions responded that we hope to have it cleared by March next year based on current clearance rates and will be keeping a very close eye on it.

Members further questioned whether there was a published timeline for the Investment Strategy Statement and consultation arrangements.

The Director responded that there will be engagement with elected members in the period leading up to March 2026, before it is brought to the Authority for approval. Further to this we are obliged to consult with those who have an interest in the strategy.

Members requested an update on the procurement for the Local Affordable Housing Mandate Manager and how this will interact with local authorities.

The Assistant Director – Investment Strategy updated that we are expecting responses from managers who are continuing in the process and the assessment day is scheduled to take place in two weeks' time. During this session, there will be detailed discussions and scrutiny. As part of these discussions, we will also be looking to understand how the managers plan to engage with local authorities.

Members sought further explanations in relation to the risk register section of the report; with questions relating to the increased risk of cashflow imbalances as a result of anticipated reduction in employer contributions income, and about the risk relating to Border to Coast strategic plan and expansion.

The Director explained that there would be a post-lunch briefing session from the actuary to provide further details regarding the valuation results and implications for employer contribution rates. He also noted that the Assistant Director – Investment Strategy will work with the investment consultants to assess the investment income needed to bridge the cashflow gap between contributions and pension payments.

In relation to Border to Coast, the Director responded that the risk has been identified due to the considerable amount of time, resource and effort required from Border to Coast to integrate the seven new funds into the pool. SYPA has its own priorities for

Border to Coast, which creates a potential conflict and while the risk appears to be managed at present the score cannot be reduced at this stage.

The risk score may decrease in the Q2 review, depending on how the integration of the seven new partners funds is progressing.

Rachel Elwell added that she does not discount the concern raised by SYPA and has already implemented changes in how her teams operate, including bringing in additional resources.

In addition to this, longer term bringing in additional partners will increase the demand and capacity for products SYPA want to see delivered. Border to Coast is clear on the actions required and remains committed to delivering on their 2030 Strategy, whilst acknowledging and accepting the risk.

Members raised concern that in the context of the Pensions Review and Investment Strategy, any efforts to gather views of our scheme members should be carefully worded to avoid giving the impression that the process is a referendum.

Noting the importance of ensuring that scheme members understand the broader context, including the potential impact of the Pensions Review and decisions made by the Authority. Emphasising that transparency is essential, and scheme members need to be aware of their role in the process and how decisions are ultimately made.

The Director responded that he is not currently able to provide a definitive answer on how this will be communicated to scheme members, as it will depend on the final content of what needs to be communicated. He noted that the Authority will be working within the menu of investment options provided by Border to Coast as this is the restriction placed upon us and the Investment Advisers will then provide recommendations based on these available options.

Communicating this back to scheme members presents a challenge, given the complexity of the subject and the range of potential scenarios, and the importance of factors such as cashflow, income generation, and the various mechanisms for harvesting income from the portfolio.

The Chair noted that Rachel Elwell the Chief Executive Officer of Border to Coast and her colleague Sharmila Sikdar joined the meeting at this item.

RESOLVED: Members noted the report.

11 ADVISER MARKET COMMENTARY

Aoifinn Devitt, Independent Investment Adviser, presented the Market Commentary Report for members to consider and note.

Members sought the Independent Advisers' opinions on equities, given how high they are at present, asking if the bubble is at risk of bursting and does she anticipate a financial crash.

Aoifinn Devitt commented that recent events such as the regional banking issues and the challenges in the commercial property sector have not yet resulted in a market

crash. Financial institutions today are generally more robust, better regulated, and more prepared to intervene when needed.

As a result, it is increasingly difficult to identify a single trigger for a major downturn. Rather than a sudden "big bang" crash, any future correction is more likely to be a slow burn, as a large-scale sell-off would be required to cause significant disruption, something she does not currently foresee.

Regarding equity markets being overvalued, the Adviser noted that this is true to some extent. The technology sector appears overvalued, with many stocks trading at unsustainable levels well above the normal levels, however the broader market does not reflect the same trend.

Much of the non-tech sector appears fairly valued or even undervalued, therefore she recommends rebalancing the portfolio by reducing exposure to technology and U.S. equities and increasing allocations to other regions and sectors.

Jonathan Hunt added that while the media noise can make short-term issues feel more significant, SYPA as a pension fund maintains a long-term investor perspective. As long-term investors we must remain focused on our objectives and be prepared to ride out any short-term volatility along the way.

RESOLVED: Members noted the report.

12 INVESTMENT STRATEGY REVIEW

The Assistant Director – Investment Strategy presented the Investment Strategy Review report to update the Authority with the recommendation to agree the scope for the planned review.

Noting that Hymans Robertson have been appointed as consultants for this project. The key output of the review will be the Investment Strategy Statement, and this would determine the long-term asset allocation for the coming years until the next valuation cycle.

Members probed whether the Responsible Investment Survey will inform this and to what extent will scheme members' non-financial interests be considered.

The Assistant Director – Investment Strategy responded that this is one of many factors that will be considered, but the focus will be on high-level strategic issues such as climate change and the route to net zero.

It was noted that some scheme members views are often nuanced and may not be fully representative or directly applicable when considering decisions at such a macro level such as in relation to specific stocks.

The Director added that scheme members' views from the survey will also inform the Responsible Investment Framework, which will come to the Authority in March as it does every year.

A Member commented that while climate change is recognised as the biggest risk to the portfolio, it appears contradictory to suggest that the 2030 target may not be achievable.

The Assistant Director – Investment Strategy responded that in an ideal world we would move as quickly as possible towards our net zero goals, however, the necessary investment opportunities remain limited, as many companies have not progressed fast enough.

Currently, only a minimal number of companies are aligned with a 2030 net zero target, and we do not want to reduce our portfolio from 30 holdings to just two to meet that timeline.

We will therefore review our current allocation and assess the likely timeline for achieving net zero.

The focus will be on identifying whether there are realistic portfolios we can construct that will allow us to reach our goals and achieve real world impact within a reasonable and achievable timeframe.

RESOLVED: Members agreed the scope of the Investment Strategy Review as set out in the body of the report.

13 QUARTER 1 RESPONSIBLE INVESTMENT UPDATE 2025/26

The Assistant Director – Investment Strategy presented the Q1 Responsible Investment Update and informed Members that on a question raised at the last meeting regarding holdings in Israeli government bonds and engagement on conflict-related risks, a written response has been provided directly to the Authority Member and a brief update on this was shared in the meeting.

The Assistant Director – Investment Strategy updated that the bonds held by PIMCO within the Border to Coast Multi-Asset Credit Fund, are not a restricted investment and we have been engaging with Border to Coast to understand the rationale behind PIMCO's decision, especially in relation to ESG risks. Adding that PIMCO stated the investment was made prior to the conflict, based on Israel's then-strong credit rating and economic fundamentals.

They confirmed they monitor conflict-related risks, which have since put downward pressure on ESG indicators. However, we are not fully satisfied with their responses and have asked further questions, particularly around whether Israel's ESG rating has moved to the lowest tier.

Additionally, Border to Coast have rolled out a new tool to improve risk oversight and engagement with managers. This is currently being used with equity managers, with fixed income managers like PIMCO to follow after their next review.

The Assistant Director noted that officers appreciate Border to Coast's continued efforts to follow up, though the process has been slow, we remain actively engaged and will update on further developments, including related conflict-area engagements.

Rachel Elwell added that Border to Coast welcome the challenge and engagement with her team, who share these same frustrations. Rachel will continue to engage with PIMCO and their senior leadership team to seek answers and express their frustrations, as they are not receiving the external transparency they expect from investment managers.

A concern was raised around the timeliness of receiving answers and the frustration in the responses received from PIMCO, alongside their rationale in decision making back in 2024 given the political direction of travel at the time.

The Assistant Director – Investment Strategy responded that he is seeking to understand a further level of detail as they already mentioned the downward pressure on ESG ratings.

We want to understand what those ratings were at the time of the initial investment, particularly as they have since invested in more of these bonds, to assess whether the ESG ratings have moved and what the threshold would be for a government entity to become un-investable. While there are no sanctions against Israel in the same way there are with Russia, it's difficult to engage in the next level of debate without clarity on the underlying decision-making process.

Rachel Elwell also assured members that she will follow up, and highlighted that unlike the Russia case, the lack of clear international consensus makes this a more complex and nuanced investment decision, particularly as the bonds remain liquid and performing. She will personally take this forward and respond once she has further clarity from PIMCO's senior leadership team.

RESOLVED: Members noted the report.

14 UPDATE ON PENSIONS ADMINISTRATION IMPROVEMENT PLAN

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

Members probed around whether we have any idea on the software provider's timetable to implement the functionality needed to address all the elements in the McCloud Remedy which need to be applied to scheme members.

The Assistant Director – Pensions responded that a plan is being pulled together outlining the key elements to assess if the latest development is successful. While we can't set a timetable yet, we're identifying all potential actions to be ready when we can. With the McCloud implementation extended to August next year, we're hopeful we can comply. The current functionality should support much of the rectification work however we cannot yet estimate how much will require manual intervention so the testing will clarify this.

Members sought assurance that we were not the only pension fund awaiting these software updates and asked when we will know if the August target is unachievable. The Assistant Director – Pensions responded that many other pension funds using the same software are in the same position and that she is hopeful that the latest delivery will allow us to understand the scale of the work by the end of September.

RESOLVED: Members

- a. **Noted and commented on the 2025/2026 plans for Administration improvement that are in place.**
- b. **Agreed the Data Quality Improvement Plan 2025/27 at Appendix A.**
- c. **Agreed the Dashboard Matching Criteria Policy at Appendix B.**

15 **PENSION ADMINISTRATION POLICY UPDATES**

The Assistant Director – Pensions presented an Administration Policy Update to update members on changes required to the core Funding Strategy Statement, Policy (J) Academy Funding, and Policy (L) on Prepayments in line with the 2025 triennial Valuation to comply with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

The Pension Administration Strategy and the Breaches Procedure also required updating and there is need to introduce a Complaints Procedure.

RESOLVED: Members

- a. **Agreed the Funding Strategy Statement, Academy Funding Policy and the Prepayments Policy be updated in line with this report, as shown in Appendix A**
- b. **Agree with the Pensions Administration Strategy at Appendix B**
- c. **Agree with the Complaints Procedure at Appendix C**
- d. **Agree with the Breaches Procedure at Appendix D**

16 **CHAIR OF LOCAL PENSION BOARD REPORT TO AUTHORITY**

The Chair of the Local Pension Board, Riaz Nurennabi presented the Summary of the Local Pension Board Report.

This report is a means of continuing to grow the relationship between the Board and the Authority and to provide an update on matters discussed at the Board and work they are doing with officers and the Authority to ensure compliance with regulations and legislation.

It was noted that the pensions administration software provider has been invited to the Members Away Day in November to allow members to have a constructive discussion with them around the quality and timeliness of their delivery of the software for the McCloud Remedy work.

RESOLVED: Members

- a. **Noted the content of the report.**
- b. **Make any recommendations to the Local Pension Board if required.**

17 **GOVERNANCE, REGULATORY AND POLICY UPDATE**

The Head of Governance and Corporate Services provided members with an update on current governance related activity and regulatory matters.

RESOLVED: Members noted the updates included in the report.

18 INDEPENDENT GOVERNANCE REVIEW ACTION PLAN

The Assistant Director – Resources presented the progress update on the Independent Governance Review Action Plan.

It was noted that most actions on the plan are completed or in progress, the one main action that isn't yet progressed is around starting a project to review report templates and consistency, which was delayed due to workload pressures and lack of staff capacity. This project will now commence from next month, with a new target date of June 2026.

RESOLVED: Members noted the updates and progress against the Independent Governance Review Action Plan.

19 DECISIONS TAKEN BETWEEN MEETINGS

The Head of Governance and Corporate Services presented the report on decisions taken as a matter of urgency between meetings of the Authority.

To note, two decisions have been made since the last meeting which are noted within section 5.3 and 5.7 of the report.

RESOLVED: Members noted the decisions taken between meetings of the Authority using the urgency procedure.

20 ANNUAL REVIEW OF BORDER TO COAST 2024-24

The Assistant Director – Investment Strategy presented the Annual Review of Border to Coast 2024/25 to update the Authority on the review which encompasses both the company itself and the wider partnership.

RESOLVED: Members noted the content and conclusions.

21 UPDATE ON POOLING

The Director presented an update on pooling to consider the Authority's stance in relation to the admission of further funds to the Border to Coast Pensions Partnership as a result of the Government's Fit for the Future process.

RESOLVED: Members

- a. **Agreed that the funds identified in para 5.2 should be supported to become members of the Border to Coast Pensions Partnership.**
- b. **Note the Heads of Terms for admission of new partners set out at Appendix B which will form the basis on which the admission of new partners is negotiated.**
- c. **Note the intention that SYPA offer to relinquish the role of Secretary to the Joint Committee as part of the approach to signifying the start of a new partnership.**
- d. **Authorise the Director to cast the Authority's shareholder vote in support of the admission of the named funds as shareholders in the operating company and in support of any other shareholder resolutions, including,**

- but not limited to, for the issue of further shares, necessary to facilitate this process.
- e. Authorise the Head of Governance and Corporate Services to sign and attach the Authority's seal as necessary to the legal agreements needed to give effect to these decisions, including but not limited to the Shareholder Agreement and Inter-Authority Agreement.

Cllr Alexi Dimond abstained.

22 APPENDIX A

Public Questions – 4 September 2025

Question 1 – Mr Ashraf

As-Salaam Alaikum,

Good Morning Chair, Councillors and Officers,

My question concerns SYPA's fiduciary duty and its alignment with the urgent need to divest from entities complicit in Israel's violations of international law in Palestine. Recent disclosures confirm SYPA holds **£118 million in arms manufacturers** (including BAE Systems and Rolls-Royce) and **£4.8 million in Israeli investment**, of which **£1.9 million comprises Israeli government bonds**, initiated in 2024 amid the International Court of Justice's genocide investigation. These investments directly contradict SYPA's Responsible Investment Policy, which mandates investments to "do no harm. Yet, SYPA has consistently cited fiduciary duty and operational constraints within the **Border to Coast Pensions Partnership** (managing 80% of SYPA's £11bn fund) as barriers to divestment. I argue this interpretation is legally incomplete, financially unsound, and ethically indefensible.

Fiduciary Duty Encompasses More Than Short-Term Returns, SYPA's narrow view of fiduciary duty ignores material risks:

Reputational & Legal Liability: Continuing investments in companies implicated in war crimes (e.g., BAE Systems' provision of F-35 jets used in Gaza) exposes SYPA to legal challenges under international law, including the Rome Statute which is applicable via the United Kingdom's International Criminal Court Act of 2001. The UN has explicitly called on states to sever economic ties with Israel, noting complicity risks.

Member Sentiment: SYPA has no mandate for investing members' money in companies profiting from genocide or Israeli government bonds. The 7,000 strong petition (including signatures of over 700 scheme members) collected in a short space of time along with recent polling of the UK general public supporting an arms embargo and sanctions on Israel (<https://palestinecampaign.org/polling-reveals-huge-public-support-for-arms-embargo>) strongly suggests that members would oppose these investments. SYPA has recently also conducted a survey of its scheme members, which it is yet to publish fully, but which may further demonstrate member sentiment. SYPA has a fiduciary duty to take account of the views and interests of members, some of whom may have been harmed morally or directly through these investments.

Precedents: Councils like **Manchester, Bristol, and Islington** have divested from similar assets, proving fiduciary duty accommodates ethical divestment.

Pooling Arrangements Are Not Absolute Barriers. SYPA claims divestment requires unanimous agreement from all 11 Border to Coast funds. However, this misrepresents options:

Segregation of Assets: SYPA can work with Border to Coast to create **exclusion-led pooled funds** or segregate contentious assets for phased divestment. Other pools (e.g., Brunel) have engineered such solutions for climate goals.

Leverage as a Major Investor: As part of a £64bn pool, SYPA holds influence to demand ethical screens. Withholding further investments until exclusion policies align is a legitimate fiduciary tool.

Divestment of Directly Held Assets: SYPA retains control over 20% of its portfolio (£2.2bn), including Israeli bonds. Divesting these immediately is wholly within SYPA's power.

Financial Stability Supports Principled Action SYPA's funding level stands at **159–160%**—far above liabilities. Arms investments constitute just **1% of total assets** (£118m). Divesting this fraction poses no material risk to members' benefits but mitigates long-term reputational and legal harm. As has been previously noted, divestment is "morally, legally, and financially justifiable" given this buffer.

The Path Forward: A Fiduciary Imperative

Continuing these investments violates SYPA's own policies and legal norms. The International Criminal Court's investigation into Gaza atrocities, coupled with ICJ rulings on plausible genocide, escalates the legal peril of inaction. Fiduciary duty requires SYPA to:

Conduct an immediate fiduciary risk assessment evaluating legal, reputational, and financial exposure from these holdings.

Demand Border to Coast establish an exclusion screen for companies on the UN's list of settlement violators and arms suppliers to Israel.

Divest directly held Israeli bonds and reinvest in local impact initiatives (e.g., South Yorkshire Debt Fund) that align with SYPA's place-based strategy.

My Question to the Authority that should be answered directly and not as part of a general, amalgamated response is:

Given the legal, financial, and ethical imperatives, **will SYPA commit by December 2025 to:**

- 1. Immediately divest its £1.9m in Israeli bonds** from its directly managed portfolio?
- 2. Commission an independent fiduciary risk assessment** of all Israel-linked holdings, including BAE Systems and Rolls-Royce, evaluating continued investment under UK and international law?
- 3. Formally table a motion at the next Border to Coast meeting** to create an exclusion policy for companies complicit in human rights abuses in Palestine?

Silence is complicity.

Fiduciary duty is not a shield for inaction, it is a mandate to protect members' interests holistically.

The world is watching South Yorkshire Pensions Authority.

We all are watching South Yorkshire Pensions Authority.

Response

- 1. Immediately divest its £1.9m in Israeli bonds from its directly managed portfolio?**

Contrary to your email, no Israeli government bonds are held directly by SYPA. These are held within the Border to Coast Multi-Asset Credit Fund as part of a mandate run by PIMCO. As this is a pooled fund, with multiple investors, SYPA is not able to divest from any individual holdings.

We have been engaging with Border to Coast over the course of several months to understand PIMCO's rationale for the purchases of their Israeli government bond holdings, the Environmental, Social and Governance (ESG) risks PIMCO took account of as part of this evaluation and their continuing choice to retain these assets. To-date, we have been extremely disappointed by the lack of detailed insight and transparency provided to Border to Coast by PIMCO. We have expressed our concerns to Border to Coast and are actively working to obtain more credible responses from PIMCO.

2. Commission an independent fiduciary risk assessment of all Israel-linked holdings, including BAE Systems and Rolls-Royce, evaluating continued investment under UK and international law?

Border to Coast and its underlying managers carry out risk assessment as part of their investment process and ongoing monitoring. More details on the approach can be found within Border to Coast's Responsible Investment Policy - [Border-to-Coast-RI-Policy-2025-FINAL-EXTERNAL.pdf](#).

As one of the largest funds in the Local Government Pension Scheme it is expected that the South Yorkshire Pension Fund has holdings in many large multi-national companies. The holdings identified are managed by the Border to Coast Pensions Partnership who engage with companies to ensure that they are making appropriate assessments of the implications of their operations in conflict affected areas.

The Authority does not invest in companies associated with the manufacture of controversial weapons, such as cluster munitions and land mines - these are subject to various international restrictions - and this is a very common position in the pensions industry. However, investment managers can and do invest in major defence contractors such as BAE Systems, where there is a financial case for doing so. Indeed, companies supplying arms will be doing so under the explicit terms of licences from the relevant government and it would be unreasonable (in terms of the legal principle known as Wednesbury reasonableness) to disinvest in a company acting with specific legal sanction.

3. Formally table a motion at the next Border to Coast meeting to create an exclusion policy for companies complicit in human rights abuses in Palestine?

Decisions taken by Border to Coast and their underlying managers regarding the investment risk from a company's Environmental, Social or Governance activities need to reflect the financial materiality of the issue. Revenues from Israel and the Occupied Palestinian Territories for the investee companies you have referenced are unlikely to be financially material in making decisions on investment or disinvestment. As noted above, companies exporting arms and military technology do so under very strict licensing conditions imposed by domestic governments. Further, the Supreme Court held in its judgement on the Palestine Solidarity Campaign case that it is not appropriate for political preferences, whether local or national, to take precedence over what is required under a pension scheme's fiduciary duty.

As touched upon in the response to question 1, the Pensions Authority does not directly own the shares and bonds of individual companies and government entities. Rather, it invests largely through pooled funds which are ultimately managed by Border to Coast. It is worth noting that Brunel's approach, whose segregated account approach you referenced, has been rejected by the Government and the pool will effectively be discontinued in the coming months.

The Authority encourages engagement by Border to Coast with investee companies to ensure that they are fully considering the impact of their activity in conflict affected areas through appropriate risk assessment. The standards which are expected of companies are set out in the collectively agreed Responsible Investment Policy. SYPA has identified that this is an area where they would wish to see policy tightened in future and will be lobbying for this in the next annual review. In addition, the Chair of SYPA has raised at the Border to Coast Joint Committee the need to actively address these issues.

Question 2 – Ms Smith

As a member of SYPA in receipt of a pension I completed the member survey - it's shocking to me that SYPA have taken so long to provide any sort of information about the outcome of that survey and have not taken the trouble to provide me, as a member with any information about when or how the results of the survey would be disseminated or acted upon.

In a brief summary of the results of the Responsible Investment Survey published by the SYPA on its website, 90% of members stated that they wanted clear, transparent communication about how their pensions are invested.

In spite of this call for clear communication, the SYPA has failed to communicate the results of the Responsible Investment Survey with members - as a member myself, I have not been informed that a summary of results was published on the SYPA website. Moreover, the summary is incomplete: it entirely fails to report the results of questions relating to the arms trade. This is a significant omission: especially when over 700 SYPA members signed a petition to the SYPA explicitly demanding divestment from arms companies complicit in the genocide of Gaza.

The SYPA is duty-bound to consider the views of members in its decision-making, yet it is failing to reveal what those views actually are to members themselves. What practical steps will the SYPA to rectify its lack of transparency in regard to the members survey results, and how will it ensure accountability to members in its implementation of the outcome of the survey results?

Secondly, as far as I can see there is no information on the website about the extremely serious concerns raised at the last meeting about the fact that SYPA holds investments in Israeli Government bonds. This should surely be a matter of grave concern to each of you who sit as councillors as members of SYPA, and I would have thought each of you would be concerned to raise questions about this investment. I therefore request a detailed explanation of how this investment came about, and what steps are being taken to cease all investment in Israeli Government bonds.

Response

The Authority undertook the Responsible Investment survey to inform the work being undertaken on the Investment Strategy Review and its next annual review of its responsible investment policies. Both of these pieces of work are due to report back to the Authority in March 2026 and it had been intended to publish the full results alongside these pieces of work although a summary of the results was published on the website as a news story during August, after Authority members had been briefed on the results. Following interest from scheme members the full results as provided by the external market research company that undertook the work have been published on the website.

It should be understood that this is not a referendum but a piece of research which establishes to some degree the views of a self-selecting sample of scheme members

on a range of issues. The Authority's duty is to consider these views as part of its overall decision making process and act in the best interests of all scheme members avoiding material financial impact on the returns achieved for scheme members.

As indicated in answers to other questions officers of the Authority continue to pursue answers in relation to the fund manager's rationale for investment in Israeli government bonds. To date no satisfactory answer has been received. When a satisfactory answer is received it will be published.

Question 3 – Finn Cross – Unable to attend in person

I understand that North Yorkshire has moved to remove its holdings in UK equities and, as a result of that process, no longer hold shares in Shell or BP. Is this something that SYPA would consider and, if not, why not?

Response

North Yorkshire has recently divested from Border to Coast's UK Listed Alpha Fund. For information, this is not the same UK equity fund South Yorkshire Pensions Authority (SYPA) is invested in.

We understand this divestment was part of a change to North Yorkshire's long-term investment strategy - and this was not a decision related to holdings in BP and Shell. Essentially, North Yorkshire made this change to help de-risk its portfolio as a result of its increased funding level. The proceeds were invested into a bond fund, which is expected to have a lower risk/return profile than equities.

SYPA is in the early stages of reviewing its own long-term investment strategy and expects to recommend an updated investment strategy to its Pensions Committee in March 2026. This will primarily focus on:

- *Risk and return profile of our investments*
- *Cashflow and liquidity considerations*
- *Climate considerations and net zero alignment*

It is worth noting SYPA's view that engagement with energy companies is more effective than divestment when it comes to having a real-world impact. As a responsible investor, we are able to engage with companies and utilise our shareholder rights to vote at company's annual general meetings. This gives us a voice at the table, which we can use to try and sway company management. If we divest from these companies, we think it's important to keep in mind the following:

- *We lose our voting rights - our seat at the table is gone.*
- *By divesting from energy companies like BP and Shell we may be making a statement – but we would not actually be denying these companies of capital. The shares we sell would immediately be bought by another investor, perhaps an investor who is less focussed on the transition to a lower emission world than SYPA.*
- *Divesting from energy companies will make SYPA's own portfolio emissions figures look better - but it doesn't have any impact on actual global emissions. We want to see our portfolio emissions reduce over time, but via the route whereby the larger emitters are actually moving to a more sustainable approach themselves, rather than simply selling our holdings in those companies. That's how we believe we can make a real-world difference.*

Question 4 – Richard Burnham

In the minutes from the Committee meeting of Thursday 13th March, point 15 b states that

the Committee 'Requested officers review the impact of SYPA advocating for active exclusion where engagement has demonstrably failed and provide the results in a report at the 18 December 2025 Authority meeting.'

When a decision is made that engagement has demonstrably failed, as is clearly the case for Shell and BP, how will SYPA work with BCPP to facilitate exclusion of these companies from SYPA's holdings?

What steps will SYPA take to encourage partner funds within BCPP to follow suit in excluding Shell and BP?

Response

The work to respond to the resolution made at the Authority's March meeting is ongoing and it is too early in that process to identify whether the result will be a decision to promote disinvestment in specific cases and this will be a decision taken by members of the Authority in due course.

Given the way in which the investment pooling process works while SYPA might advocate for disinvestment in particular circumstances it is not able to implement such a policy in relation to its holdings in pooled investment vehicles and therefore the implementation of such a policy will depend upon the Authority's ability to build alliances with other partner funds. The likelihood of being able to successfully build such alliances will form a consideration in the advice which officers will provide to members of the Authority in December.

CHAIR