

COUNTY COUNCIL – 10 MAY 2022

QUESTIONS FROM MEMBERS OF THE PUBLIC

1. Question from Susan Conway, Hove

I live and practice as a solicitor in Hove and I am a member of the Association of UK Lawyers for Israel.

I refer to the letter sent by a Special Rapporteur to the UN Human Rights Council, to you and other Local Government Pension Scheme (LGPS) Committee Chairs on 22 November 2021 and published by the LGPS Advisory Board at <https://lgpsboard.org/images/Other/LetterLynk22112021.pdf>.

According to the LGPS Advisory Board, its Secretary together with the Chair and representatives of the Local Authorities Pension Fund Forum held a call with the Special Rapporteur on 11 January 2022.

The Association of UK Lawyers for Israel wrote to the Chair of the LGPS Advisory Board on 28 February 2022 and a reply on 11 April 2022 which states that

“the purpose of the meeting with the Special Rapporteur in January was to clarify and correct some of the assertions and misrepresentations made in his letter to enable the Board, if it wishes, to make a considered and measured response. ... the meeting with the Special Rapporteur is not to be taken as agreement by the Board with any of the claims or arguments he put forward in his letter. ... he has not provided the further information he undertook to provide in January and ... in consequence no follow up meeting has taken place.”

Can the Chair of the Pension Committee confirm that this Committee is focused on securing the best financial return for the East Sussex pension fund, that it does not take into account non-financial factors unless they satisfy the Law Commission's test, and that it will disregard the claims in the Special Rapporteur's letter?

Response by the Chair of the Pension Committee

The Pension Committee takes its fiduciary duties seriously and makes it clear its primary aim is to provide pension benefits for members and their beneficiaries when due. To do this the Pension Fund invests to secure the best financial return for its members balancing risk and return. The Fund is fully conscious that as administering authority, its power of investment must be exercised for investment purposes, and not for any wider purposes. The Fund takes a risk-based approach in setting and implementing its investment strategy. As a result, the fund only takes into account financial risk factors, and not non-financial factors motivated by other concerns such as improving members quality of life or showing disapproval of an industry or locality, unless the Fund can prove that the legal test is satisfied - in that there is no risk of significant financial detriment to the Fund and that the Committee have good reason to think that the scheme members share the concern.

The Pension Committee and Fund have not taken any action in response to the letter sent by a Special Rapporteur to the UN Human Rights Council on this matter

and at this time does not intend to do so. The Fund publishes its Investment Strategy Statement and Funding Strategy Statement on its website which clearly lays out the approach of the Fund when investing. The Fund does engage with its Fund managers and with companies through collaborate engagement, where there is deemed to be a risk to a company and ultimately the return to the Fund. A statement was issued in July 2021 and is available on the website relating to Fund exposure of the companies flagged by United Nations Human Rights Office of the High Commissioner's ("OHCHR") A/HRC/37/39 Report as part of the Funds stewardship responsibilities to consider the operational impact on labour and other human rights issues, which can affect long term financial return of a company.

2. The same or similar questions were asked by:

Fiona MacGregor, St Leonards-on-Sea, East Sussex
Serena Penman, Lewes, East Sussex
Clare Finn, Hove
Philippa Hislop, Lewes, East Sussex
Anne Megan Griffiths, Lewes, East Sussex
Jane Wilde, Rye, East Sussex
Hannah Barker, Brighton
Emily Salisbury, Lewes, East Sussex
Anne Massey, Hove
Ann Holmes, Lewes, East Sussex
John Crosby, Hastings, East Sussex
Sarah Hazlehurst, Brighton
Susan Murray, Lewes, East Sussex
Elizabeth Ottosson, Eastbourne, East Sussex
Hugh Dunkerley, Brighton
Ayesha Mayhew, Brighton
Shella Parkin, Brighton
Robert Ralph, Hastings, East Sussex
David Silk, Battle, East Sussex
Sue Fasquelle, Lewes, East Sussex
John Hopkinson, Eastbourne, East Sussex
Andrea Needham, Hastings, East Sussex
Rona Drennan, St-Leonards-on-Sea, East Sussex
Will Dando, Pevensey Bay, East Sussex
Brian Leite, Hastings, East Sussex
Emily Price, St. Leonards-on-Sea, East Sussex
Sonya Baski, Lewes, East Sussex
Michael Carr, St Leonards-on-Sea, East Sussex
Ian Bunch, Hastings, East Sussex
Meg Lansom, Westham, East Sussex
Amanda Griffin, Hastings. East Sussex
Caroline Gorton, Brighton
Terence Neale, Brighton
Sarah Casey, Lewes, East Sussex
Lorraine Langham, Bexhill, East Sussex
John Lynes, St Leonards-on-Sea, East Sussex

Frances Saunders, Brighton
Jacqueline Emery, Seaford, East Sussex
Mick Venables, North Chailey, East Sussex
Helen Rehin, Brighton
Jane Munro, Winchelsea, East Sussex
Jennifer Allan, Seaford, East Sussex
Gary French, Hastings, East Sussex
Deborah Crook, Eastbourne, East Sussex
Helen Bramley-Burgess, Eastbourne, East Sussex
Mary-Jane Wilkins, Lewes, East Sussex
Jonathan Penson, Hastings, East Sussex
Anne Fletcher, Seaford, East Sussex
Gabriel Carlyle, St Leonards-on-Sea, East Sussex
Aaran Allison, St Leonards-on-Sea, East Sussex
Arnold Simanowitz, Lewes, East Sussex
Charmain Kenner, St Leonards-on-Sea, East Sussex
Carol Smyth, Seaford, East Sussex

Does the East Sussex Pension Committee accept the conclusion of the International Energy Agency, that in order to limit global warming to 1.5°C there must be an immediate halt to all investments in new oil, coal and gas?

Response by the Chair of the Pension Committee

The Fund's principal role as laid down in statute is to invest to secure the best financial return for its members balancing risk and return so we can provide pensions on time and in full which are affordable. As an administering authority, the power of investment must be exercised for investment purposes, and not for any wider purposes. The Fund's Statement of Responsible Investment Principles states explicitly the importance which it attaches to engaging with the challenges and opportunities presented by the energy transition. In this statement the Pension Committee have stated that climate risk can present material financial risks to asset values and investment returns and this belief has driven fundamental changes in the investment strategy. The Fund's investments focused on climate solutions, greener revenues, impact equity, water, waste and resource efficiency amount to £1.5 billion. It is not for the Pension Committee to debate and agree or disagree with the views expressed by the IEA in its first piece of 1.5° modelling. It is one of many pieces of evidence that the Fund, its managers and collaborative partners, take into account when creating the investment portfolios and in engaging with publicly listed fossil fuel companies in pursuit of tipping the trajectory of their capital expenditure in the direction of renewable energy, while acknowledging that these companies have a strategic role to play as a bridge in that transition.