

Worcestershire Pension Fund – Statement on Divestment Requests

We recognise that members, employers and stakeholders may hold strong views on international issues and the role of pension funds in addressing them.

Worcestershire Pension Fund's overriding responsibility is to act in the best financial interests of its members and employers. As part of the Local Government Pension Scheme (LGPS), we are required by law to ensure the Fund is managed to pay pensions when they are due.

The Fund does not make investment decisions on political or ethical grounds unless these factors present a material financial risk to its fiduciary duty. However, we take responsible investment seriously. We have been a signatory to the Financial Reporting Council's UK Stewardship Code 2020 for over four years, demonstrating our ethos of engagement with companies on matters such as human rights. Fund managers that we work with are required to consider environmental, social and governance (ESG) risks when investing, and to engage with companies to encourage better practices, regularly reporting to us on these engagements.

Government guidance is clear that LGPS funds must not use investments to pursue their own foreign or defence policies. Our approach is therefore focused on securing long-term, sustainable financial outcomes, while taking account of material ESG issues.

The **LGPS Scheme Advisory Board (SAB)** has responded to the recent divestment campaign led by the Palestine Solidarity Campaign (PSC), which includes detailed legal submissions requesting LGPS funds to divest from companies linked to violations of international law.

The SAB recognises the gravity of the humanitarian situation in Gaza and has confirmed it will be seeking further legal advice and writing to the Secretary of State to request central government guidance on these matters. In the meantime, it recommends that LGPS funds review their Responsible Investment policies, especially regarding human rights abuses, and ensure these are robust and being implemented effectively.

We will continue to prioritise long-term financial security for our members, monitor ESG and human rights concerns, ensuring our policies reflect best practice and review the strength of our ESG and human rights investment policies whilst we await further legal and government guidance before considering any divergence from our fiduciary framework.

We will continue to listen to stakeholders and monitor developments closely, while ensuring that all decisions remain consistent with our fiduciary duty and the regulatory framework we operate under.