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Dear Ms Gallagher,

Thank you for your email of the 23 June 2022 seeking a response by the 7 July 2022 with the following resolved notice of motion:

Immediately request a report from the Greater Manchester Pensions Authority on the investments our Council's Pension Fund currently has in Russian companies. Where these investments still exist, Council calls on the Pension Fund to make immediate arrangements to divest any shares in Russian companies.

We provided the following statement to your representative on the Pension Fund on the 1 March 2022.

Email to Pension Fund Management Panel/Local Pension Board Members

Dear Management Panel/Advisory Panel and Local Board Members,

In light of the horrific events in Ukraine, we are receiving a few enquiries from members.

Please find below response provided, which we hope assists you with any enquires made to you.

Please do not hesitate to refer anyone to the Fund.

Thank you for your enquiry, which has been passed to me as the Director of the Fund to respond to you.

The Local Government Pension Scheme is what's called a 'defined benefit' pension. The benefits you receive are set out in the rules of the scheme and are determined by a set calculation. This means you have a defined pension promise regardless of the performance of GMPF investments.

Looking after your pension well and being a responsible investor is really important to us. We strive to make decisions and create policies that reflect our commitment to investing in the best interests of all our stakeholders and wider society. We know that many of you are interested in how we do this because poor performance can affect the employers who are part of our Fund, tax payers and the future pension promises of others. This responsibility is

known as stewardship.

Last year GMPF was one of the first funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020. This code sets high standards for those investing and looking after money on behalf of UK savers and pensioners. GMPF had to demonstrate how it applied the Stewardship Code's standards and underwent a rigorous review process that included submitting evidence of its stewardship activities. GMPF was one of only 23 asset owners to successfully complete this process and be approved as a signatory, which is a significant endorsement of its responsible investment and decision making processes

As we approach a funding level of £30 billion UK pounds, we are pleased to report that our work in this area goes from strength to strength. In November 2021, the 2021 RAAI Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. We scored an impressive 96 out of a potential 100 to achieve this rating, and we continue to strive to be a top leader in the area of pension fund stewardship.

Our aim is to ensure low cost, sustainable and responsible pensions.

Your Pension is regulated by Department for Levelling Up, Housing and Communities, formerly MHCLG with oversight by the Pensions Regulator, both are advised by the Local Government Pension Scheme Advisory Board (known as the SAB) set up under Section 7 of the Public Service Pensions Act 2013 which seeks to achieve best practice, increase transparency and coordinate technical and standards issues.

On the 28 February 2022, the Local Government Pension Scheme Advisory Board advised that in the light of events in Ukraine and resultant extant and potential sanctions by the UK government, any LGPS funds who are not already doing so are advised to consider the implications for their investment portfolios and discuss with their pools and asset managers what action should prudently be taken.

We were already doing that because even before Russia invaded Ukraine, the efforts involved in managing the ESG risks of companies in countries such as Russia were significant - with such markets often trailing in terms of corporate governance, human and worker rights, political stability and environmental concerns.

We believe in activist engagement but only where real world outcomes can be achieved in addition to our fiduciary obligation to achieve good pension returns, and the effort needed to properly engage companies in these markets is often too difficult and hence why the Fund has no direct Russian holdings.

It is clear that Russia has placed itself outside of all International norms and there is very little appetite for anyone to trade with Russia under these circumstances and in face of international sanctions therefore, in that context, it is very hard to see how Russian investments are a sound financial investment, which whilst completely ignores the moral case, which is utterly compelling, is not something, we can usually legally take into account when considering our Fiduciary duty.

The Fund has no direct Russian holdings although around 0.2% of the GMPF's portfolio is connected to Russian holdings.

The Fund's investment managers have frozen all existing indirect holdings in Russian-domiciled investments, recognising the current lack of market for selling these assets and the fiduciary duty to act in the best interests of the fund's members and the taxpayer.

We note that some funds are using the word divest themselves but unless and until the

current world markets and sanctions change they will only be able to freeze them.

GMPF will as always continue to comply with all economic sanctions in force and will continue to keep the matter under active review.

I hope this addresses your concerns, but please do not hesitate to contact me if I can assist further.

This is the position also set out on our website that same day:

<https://www.gmpf.org.uk/about/News/The-Russia-and-Ukraine-conflict?search=ukraine>

The Moscow stock exchange was closed on 28 February with no indication of when it might fully open again, and therefore such investments cannot be sold by anyone in the world.

Moreover, even if it was possible to sell there are UK sanctions in place to prevent selling the asset and advantaging people we do not want to advantage for causing the war. If the only buyers are, for example, wealthy Russians as they are likely to be, unless the war in Ukraine ends, the selling the assets at artificially depressed values would represent a huge transfer of wealth towards people the sanctions have been aimed at.

Therefore, in common with every pension fund or investor in the world, any Russian assets are frozen or written off but they cannot be sold at this time by anyone for reasons set out above.

I trust this answers your query.

Yours sincerely,



Sandra Stewart
Director of Pensions