

Ms Carolyn Donnelly
Democratic Services Officer
Belfast City Council
By email to donnellycarolyn@belfastcity.gov.uk

11 August 2021

Dear Ms Donnelly

Divestment of Israeli Companies

Thank you for your letter dated July 2021.

NILGOSC notes that the Council has requested that NILGOSC divest of any holdings that are

- Israeli State owned
- Any private company involved in the occupation and the violation of Palestinian human rights
- Companies listed by the UN as operating in the occupied territories (which we have taken to mean those companies listed in the most recent report of the UN Commission for Human Rights as undertaking 'listed activities' in the Occupied Palestinian Territory).

It is our policy not to divest (or invest for that matter) for political reasons. All investment decisions are made on investment grounds however our fund managers are required to take environmental, social and corporate governance (ESG) matters into account. I have provided further information below.

The NILGOSC pension fund is the largest in Northern Ireland. Valued at £9.79bn at 31 March 2021, investments are made in a range of asset classes across the world. NILGOSC's overriding obligation is to act in the best interests of the Fund beneficiaries. In this fiduciary role NILGOSC believes that environmental, social and corporate governance (ESG) issues can affect the financial performance of investments. Accordingly, NILGOSC believes that these factors should be taken into account when managing the Fund's assets, subject to the overriding fiduciary duty to maximise the financial return on investments.

NILGOSC has adopted the United Nations Principles of Responsible Investment as a means of publicly demonstrating this approach. NILGOSC expects the companies in which it invests to comply with best practice in terms of corporate governance. NILGOSC sets out this best practice in its Proxy Voting Policy. A copy is available at <https://nilgosc.org.uk/pension-fund/being-a-responsible-investor/voting-policies-activity/>. NILGOSC collaborates with other like-minded investors and groups in order to

engage with companies, industries and countries in which it invests in order to improve levels of corporate governance where needed.

Further details on NILGOSC's responsible ownership practices are set out in its Statement of Responsible Investment, available from the NILGOSC website at <https://nilgosc.org.uk/pension-fund/being-a-responsible-investor/>.

NILGOSC delegates the selection of investments held to its fund managers and **does not impose any investment restrictions** in regard of social, ethical and environmental issues. NILGOSC has instructed its active fund managers to take account of ESG considerations provided the primary financial obligation is not compromised

NILGOSC ensures that the fund managers it appoints are capable of appropriately considering ESG issues when making investment choices. It monitors the managers' action in this area and works with the fund managers and the investment sector to ensure sufficient data is available to aid effective decision making.

If you have any further queries please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "David A. Murphy". The signature is written in a cursive style with a large, sweeping initial 'D'.

David Murphy
Chief Executive