

Creating space for debate

➤ **With many pension professionals facing growing scrutiny over the decisions they make in their professional lives, *Pensions Age* considers the need to create more space for dialogue and debate**



The world of pension investing has never been more emotionally charged. Whether it's climate concerns or exposure to companies linked to geopolitical conflicts, pension professionals increasingly find themselves at the centre of important and divisive public debate.

The importance of debates such as this is being reflected in the parallel discussions being had around fiduciary duty, with the Pensions Minister, Torsten Bell, recently announcing that the government would be developing statutory guidance for the trust-based private pensions sector, providing

clarification on how trustees can comply with their existing duties when considering wider factors, such as climate risk *[read more on page 10-11]*.

But many topics are increasingly becoming more divisive, and issues that once had widespread backing are becoming harder to fully stand behind without facing backlash from at least one corner of the internet.

The second Presidency of Donald Trump has seen renewed scepticism around climate investment efforts, for instance, while growing geopolitical uncertainty and ongoing wars have brought a renewed focus on domestic investment and caution around those

further afield.

And the people involved in making these decisions – trustees, pension managers, advisers and asset owners – now seem to face higher levels of scrutiny and pressure as a result.

Of course, there is no doubt that public interest in investment ethics is positive. Members want their money to reflect their values. Campaigners want institutions to use their financial influence responsibly.

But the tone of debate matters. While passionate engagement is healthy, hostility and personal attacks threaten good governance and the wellbeing of those responsible for protecting members' long-term savings.

When disagreement crosses the line into abuse, intimidation or fear, not only are professionals put at risk, but the quality of decision-making itself is undermined.

Recent tensions facing the Local Government Pension Scheme (LGPS) funds have highlighted this, as many funds have faced growing pressure to divest from Israel-based holdings in particular, amid concerns over the atrocities being seen in Gaza.

And at times, these issues have been increasingly shifting away from the debate they are intended to create, and instead creating further division, and at times unnecessary fear.

The recent situation in Hertfordshire illustrates this clearly. Following a council debate on investment policy prompted by a petition on Israel-Gaza related holdings, councillors experienced abuse and intimidation, both online and in person. The council was forced to issue a public statement to clarify the facts and emphasise the need for respectful engagement. It was a stark reminder that pension governance, while a largely technical space, is also an incredibly emotive one.

These pressures are not isolated to geopolitical issues. As Pensions UK deputy director for external affairs,

Dirk Paterson, points out that climate activism has also been directed at pension decision-makers for a “perceived failure to act on climate risks”, with many pension professionals having experienced walking past the picket line to enter a pension conference.

Whilst protest is a crucial part of freedom in the UK, there is a risk that it could push both sides further away from the dialogue that is needed to create meaningful change.

Indeed, Paterson stresses that confrontation outside offices typically does little to build bridges, noting that “irrespective of where you stand on the debate and the positive role pension funds have played in holding investee companies to account and committing to the green transition, you are unlikely to win activists around if they picketing your place of work”.

And whilst Paterson is clear that protesting is an important democratic right, emphasising that “when done

peacefully and within the law, that right should be respected”, he cautions that protests “can turn unsavoury or violent”, meaning professionals must take sensible safety precautions.

Where action has turned negative, Paterson warns that individuals could also be targeted via work email or social media accounts, urging professionals to set accounts to private, avoid posting identifiable information, and refrain from responding to unsolicited messages.

“Don’t respond to emails or phone calls and report any activity to your HR, IT, security and external affairs departments,” he adds. And if interaction cannot be avoided, he stresses the importance of calm, de-escalating behaviour – keeping body language neutral, and maintaining a level tone.

But discussion is possible. After all, some pension professionals have felt comfortable enough to stop and discuss issues with the protestors at industry conferences – often giving rise to more

understanding on both sides of the coin.

Lessons can be taken from the Local Government Association’s *Debate Not Hate* campaign to help encourage such dialogue. Originally created to protect councilors from rising abuse, its message applies equally to asset owners, pension officers, advisers and trustees: Disagreement is legitimate, but intimidation is not.

But this needs to be true for both protestors and the industry: Amid the ongoing mandating debate, the pensions industry has stressed the need to believe in fiduciary duty and the decision-making power of trustees. But this trust cannot be given without faith that pension decision makers are making the right decisions, without trying to sway the outcome. At times, there is a risk that engagement can come across skewed.

The Avon Pension Fund for instance, recently confirmed that it had taken action to gather member views after a petition called for it to divest from Israel holdings. But rather than gather member views on Israel-based holdings, a specific issue, it widened the scope to all aerospace and defence holdings.

Both sides need to be open to discussion. The pensions industry can’t automatically assume that it knows best, while those looking to influence pension decisions must understand that there are broader legal and financial nuances to be considered.

Ultimately, pensions exist to provide financial security in later life. Protecting the professionals who safeguard that mission is essential. By creating conditions for genuine dialogue, not hostility, we can ensure that even the most sensitive debates around climate, geopolitics or ethics remain constructive, evidence-based and focused on members’ best interests.

Pension debates will continue to be emotive, but if we create space for discussion, we’ll see we have much more in common than we may think.

 Written by Sophie Smith

