

Statement presented by Fossil Free Bristol to APF committee on the 18th March 2016

Paris

In Paris at the COP21, world leaders agreed that we need to hold global warming below 2°C. We can only achieve this if we stop burning fossil fuels - we need to leave 80% of it unburned if we are to have even a 75% chance of staying within that limit.

You know the share prices of these fossil fuel companies are based on them extracting and burning ALL of their reserves, which they simply cannot do if we are to have a liveable planet. Therefore these shares are hugely overinflated - a carbon bubble' - and if we don't act soon, we could be left with stranded assets. We've already seen oil, gas and coal prices drop dramatically, and the Bank of England has warned investors of the risks. A recent Citibank report stated that the fossil fuel industry will 'bottom out' in 2016. Your members savings are at risk if you do not divest from fossil fuels. Don't delay the decision.

Fossil fuel share prices can only be negatively impacted by the growing world wide divestment movement and recent NASA data detailing record rises in the average global surface temperatures

(<https://www.theguardian.com/science/2016/mar/14/february-breaks-global-temperature-records-by-shocking-amount>)

Divestment Updates

More than 500 different institutions around the world have now divested over \$3.4 trillion from fossil fuels. That includes 50 pension funds. In the UK, Haringey and South Yorkshire local government pension funds have now joined the Environment Agency pension fund in making divestment commitments.

The South Yorkshire Pension Fund has acknowledged that 'there should be a long term tilt towards a low carbon economy within its portfolios' and 'agreed to monitor carbon risk.' It has also formally confirmed that it has divested from 'pure' coal and tar sands companies, noting that coal is the 'most polluting' fossil fuel.

In January, Haringey Council Pensions Committee pledged to invest £200 million of their equity funds into a Low Carbon Fund. This means that the council will no longer have any investments in coal industries anywhere in the world, and also comes with an agreement to explore making specific investment in the low carbon economy, such as renewable energy.

Our petition

We have listened to your concerns that you cannot make a formal “divestment commitment” but we disagree. By selling your direct investments in coal, oil and gas extraction companies, and instead investing in the solutions to climate change you could achieve full and transparent divestment. Later this month your advisor’s Mercers are releasing their research into investments that tackle climate change.

There is not just our voice behind the divestment plea; many other fund members and citizens in the Avon area support our concerns. As testament to this we can report that a petition is ongoing which calls on the fund management to

Immediately freeze any new investments in fossil fuels

Divest from direct ownership and any commingled funds that include fossil fuel public equities and corporate bonds within 5 years.

We would request that this statement is taken into consideration in the ongoing review of the Responsible investment policy.

As an addition to what was said at the committee meeting, we would like to make one further comment. If there was any hesitation from the investment managers to sell oil stocks at a time when share prices are so low, we ask the committee to consider the predictions of Ian Taylor, the CEO of Vitol Oil (the world’s largest energy trader). Mr. Taylor stated that he foresees a price band of crude oil between \$40 and \$60 a barrel and that he “can see that band lasting for five to ten years”. With this in mind, it seems even more pertinent to include immediate divestment in fossil fuels in Avon Pension Fund’s Responsible Investment Policy.

Citation:

<http://www.bloomberg.com/news/articles/2016-02-08/world-s-largest-energy-trader-sees-a-decade-of-low-oil-prices>