

Statement to Avon Pension Fund Committee meeting, 21 June 2019

Subject: Fossil Fuel divestment and diversification

Speaker: Cllr Carla Denyer, reserve APF committee member and Bristol councillor

In December 2015 councillors on Bristol City Council voted unanimously in favour of ‘fossil free’ pensions. The motion was also supported by Bristol UNISON, which has 5,000 members working at Bristol City Council and hundreds of community organisations. The motion required the Mayor and the Council’s representative on the Avon Pension Fund to work towards divestment from fossil fuel investments.

We were promised a report on the implications, although many of us actually just wanted to get on with divestment.

Three and a half years later, the climate crisis we face has become even clearer, as has the financial argument for divestment – fossil fuels are rapidly becoming stranded assets that cannot be used.

As the instigator of the Bristol ‘Climate Emergency’ motion last November I’m delighted that over 100 other UK councils have now passed similar motions – including Bath & North East Somerset and North Somerset. The signs are clear, following last year’s IPCC report into the **severe environmental impacts** of even 1.5° C of global warming, and the subsequent reports into the **economic impacts**, that we now need to press for action, and our representatives support this.

Managing our local government pension fund is essential to show that we meant what we said – to put our money where our mouths are. This means consciously investing our fund, making it work for our future, not dragging out the past.

The 2015 motion was drafted to ask this Pension Fund to **divest from fossil fuels gradually over a period of 5 years**, diversifying into energy efficiency, renewables and energy storage - to help build the smart energy economy we are aiming for, not support the one we’re leaving behind. It followed advice from the Governor of the Bank of England to beware of stranded assets as fossil fuel reserves lose their value and the majority have to stay in the ground. **3 and a half of those 5 years have now passed – we are running out of time.**

Meanwhile around the world other organisations are getting on with divestment – investment houses, universities, oil fortunes like the Rockefeller family and the Norwegian Sovereign Wealth Fund, and pension funds. The sums building our new economy this way now top £8 billion. Moving funds systematically over 5 years increases their value and will help create jobs and skills in the new economy to retrofit our homes, power our city with clean energy, and help our businesses thrive and export. It fits well with the fiduciary duties of the fund managers to ensure secure, long term returns and build prosperity.

While APF now invests through the Brunel Pensions Partnership, APF still has the power to decide to move out of fossil fuels and has not done so. It has declared environmental and social policies, and backs some low carbon funds. However the ‘low carbon fund’ does NOT exclude carbon intensive stocks, it just weights the fund to be low carbon overall*. APF has chosen to adopt a policy of

'engagement' with the fossil fuel industry. Rather than divestment, the idea is monitoring and talking to the fossil fuel companies. **Has that engagement borne any fruit so far? How many more decades will you wait for the fossil fuel companies to change their spots?**

Later this year there will be another divestment and diversification motion in Bristol, once again with active support of our staff in Bristol UNISON, calling for Avon Pension Fund to join other local authority funds in undertaking a **just transition to cleaner energy** by getting our staff pensions out of fossil fuels and into the sectors **working for all our future**.

Members of Avon Pension Fund: many of you are the self-same councillors of Bristol, Bath & North East Somerset and North Somerset who declared a Climate Emergency, though that may have been before some of you were elected. Either way, I ask that when you make your financial decisions on this committee, please think of the points I've made here, the commitments your Councils have made to tackle the Climate Emergency, and the importance of preserving a habitable planet for your children to live on.

* See Share Action/Unison Analysis of ISS of the LGPS administration authorities, **enclosed**.