

Statement from Councillor Martin Fodor, Bristol City Council

Avon Pension Fund meeting, June 26th

re: Item 11 Investment Strategy Statement (pp153- 177)

I'm making this statement in the light of the recent article/letter from APF setting out the Fund's current strategy to deal with fossil fuels and the climate emergency.

My own pension is in the Local Government Pension Scheme and would be back in this fund where it started, if local councillors were offered a pension, but unfortunately we are not. Mine is currently deferred, elsewhere in the Brunel Pensions Partnership family.

For five years I've been making the case for divestment and diversification of the fund to reduce exposure to ever greater risks of stranded assets, and to ensure that the money is put to work to secure an effective transition to the economy and environment we need, not the one where old assets are preventing a just transition of workers and communities. The deception of major companies who claim to be supporting this while lobbying against it has been one problem.

In 2015 Bristol City Council's Mayor wrote to the fund to challenge it on divestment after committing to action by the council itself.

So many other investors and funds have taken action before and since then that I am ever more impatient. We know the major local government union Unison actively supports divestment of Avon Pension Fund locally as they have supported calls for this in both 2015 and 2019. All the emerging guidance and warnings point to this action.

The Fund has said that its portfolios are aligned with the Paris Agreement ambition to limit global warming to below 20C. it goes on to add that it will:

1. Reduce carbon exposure:

We aim to be 30% less carbon intensive than our benchmark by 2022 by reducing our carbon exposure across all our equity holdings. We already invest £490m in Low Carbon global equities. As such our equity portfolio is 22% less carbon intensive than a mainstream portfolio, reducing the potential financial impact from assets with a higher exposure to carbon.

2. Invest sustainably:

We aim to invest at least 30% of our portfolio in sustainable and low carbon assets by 2025 or earlier. We are doubling our allocation to renewable energy infrastructure projects such as clean energy and social infrastructure projects, to £225m or 5% of our assets. In addition, we are investing at least £450m or 10% of assets in companies that are responding positively to the challenges of climate change, environmental sustainability or making a positive commitment to social well-being.

3. Engage:

We use our influence as part of the £30bn Brunel Pension Partnership to encourage change in the wider industry. Engaging collaboratively as a pool amplifies our voice in persuading companies and fund managers to adapt their business models to align with the Paris Agreement. For example, as part of Brunel we recently co-filed the first shareholder resolution at a European bank, calling for Barclays to phase out lending to non-Paris

aligned companies. We also lobbied BlackRock on its climate change position and actively voted against the management of Exxon Mobil and BHP Billiton on climate related disclosures.

It also support investor led initiatives such as ClimateAction100+ and Institutional Investors Group on Climate Change to increase pressure on companies and governments to align with the Paris goals. In 2023, ahead of the Paris Stocktake, the fund says it will review the effectiveness of its engagement strategy and consider whether selective divestment is necessary.

I applaud these initiatives and look forward to the Fund giving an update on its climate emergency strategy later in the summer. But action is still too slow. Having slightly lighter weighted investments with a bit less fossil fuel exposure doesn't put the money where its needed for the future. As long as the fund continues to support the fossil fuel majors they don't need to worry about their continued investments in extracting fossil fuels.

The climate breakdown warnings are ever more urgent, and all the local authorities in this area have long declared a Climate Emergency. Paris commitments are too slow to achieve the changes scientists ever more urgently warn us are needed. Over 1000 fund members and local people have signed a petition calling for action to get out of fossil fuels.

Last year announcements by the Brunel Pensions Partnership made some people think it was divesting. But it actually gave funds two more years notice before it looks to assess whether any action will be taken. It's helpful that the partnership is a voice for change across the sector. Its '*Policy, Evidence and Persuasion and Products*' approach are useful. But despite the development of new Products this is still not enough.

I therefore attend today to call on this fund committee to ask for an urgent review of the opportunities for positive investment, and the pace of divestment. There are ever more opportunities to put money where it's needed, in renewables, energy efficiency, smart technologies, and energy storage. Engagement should not be an excuse for inaction; it can be achieved with minimal shareholdings not continued support for unsustainable practices.

Please listen and act now. Don't find out you need to catch up when it's too late for the fund and the members and communities depending on it for a viable future. Please commit to be an agent of change, not a follower

Cllr Martin Fodor
Bristol City Council
Redland ward Green Party councillor