

Mel Clarke – Avon Pension Fund Investment Committee - 25th February..

Thank you for letting me speak at the committee today.

I am here as a member of the pension fund (for 42 years) and as a member of Extinction Rebellion Bath.

Whilst I acknowledge the progress made by APF in reducing the climate intensity of the fund, I feel that the dire state of the climate emergency means that the fund's commitment "to become a carbon neutral pension fund by 2050 or earlier" (1) is not sufficient. According to research by the campaign group UK Divest at the end of 2020, the fund's total fossil fuel investments were over £100 Million (3).

Also, the fund's stated support of remaining engaged with fossil fuel companies (1) in order to influence them, instead of complete divestment, has clearly failed. Global emissions continue to rise and people in the global south are suffering.

Pension funds have been engaging with the fossil fuel industry for three decades.

Let's have a look at the recent record of some of the largest companies:

Shell is the fossil fuel company most heavily invested in by Local Government Pension funds. Shell has set a target of reaching net-zero by 2050, with an interim target of cutting the carbon intensity of its output by 20% by the end of the decade. However, according to Shell's plan, reaching this 2030 target would require the use of **more carbon offsets**, such as planting trees, **than are currently available in the entire global market**. In May 2021, a Dutch court ruled that Shell must cut its net carbon emissions by 45% by 2030. The ruling noted that Shell's current target of a 20% reduction is not sufficient to prevent global temperatures rising more than 1.5°C, in line with the Paris Agreement. Shell has since confirmed that it will be appealing the ruling. Surely any company truly committed to net-zero would not appeal against a legally binding, independent court ruling that says they must make their operations Paris-aligned?

BP is the second fossil fuel company most heavily invested in by Local Government Pension Funds. In 2000, BP briefly renamed themselves 'beyond petroleum'. Twenty years later 96% of BP's annual capital expenditure was on oil and gas.

Even under its "net-zero by 2050" plan, BP still plans on producing 1.5 million barrels of oil per day, including new expansion plans that go directly against clear guidance from the IEA that says we must end all new exploration now.

The world's 60 largest banks financed nearly \$4tn in fossil fuel projects between 2016 and 2020, according to a March [report](#) from a coalition of climate organisations including the Rainforest Action Network (RAN), Sierra Club, BankTrack and more (4). Much of this money is lent to banks by pension funds.

Whilst gas and oil prices have recently demonstrated a temporary rebound following the COVID pandemic, in the long term, greener funds have better prospects. A recent article on the FT adviser website stated that "Renewable energy infrastructure is tipped to be 2022 winner and could be the best performing asset class of 2022, according to a survey of investment company managers" (4). Also a recent article in the Financial Times highlighted

the rosy prospects for green investments “reflecting the “attractive yields” on offer from trusts investing directly in these projects” (5).

I put it to you that the case for rapid divestment from Fossil Fuels is overwhelming so please do it now.

Thank you

References:

- 1) <https://www.avonpensionfund.org.uk/climate-emergency>
- 2) https://www.avonpensionfund.org.uk/sites/default/files/APF%20Annual%20Report%202020-21%20-%20FINAL_AUDITED%2020211217.pdf
- 3) https://www.divest.org.uk/wp-content/uploads/2021/03/UKDivest_Report.pdf
- 4) <https://www.bankingonclimatechaos.org/>
<https://www.theguardian.com/environment/2021/nov/04/dark-secrets-big-oil-climate-pledges-greenwashing>
- 5) <https://www.ftadviser.com/investments/2021/12/08/renewable-energy-infrastructure-tipped-to-be-2022-winner/>
- 6) <https://www.ft.com/content/d1f1c994-0f41-4243-80cd-abbcac3f096c>

Further reading:

<https://thebristolcable.org/2021/03/fossil-fuelled-public-sector-pensions-reveal-deep-political-faultlines-on-climate-crisis-action/>

<https://thebristolcable.org/2021/09/avon-pension-fund-being-invested-in-amazon-deforestation-blackrock-divestment/>