

Response to Public Committee Statements – APF Committee 23 June 2023

Along with 10 other local government pension schemes across the South West, Avon Pension Fund (APF) is served by the Brunel Pension Partnership, an asset manager based in Bristol.

Brunel's climate policy reflects extensive input from all 10 local schemes including a strong consensus that blanket divestment is ineffectual in driving real world impact. However we do expect companies to demonstrate plans to transition to net zero 2050 or before, underpinned by tangible actions and evidence of progress. Companies with a mere verbal commitment without a credible delivery plan or those with no commitment will form no part of the portfolio beyond 2030.

Meantime APF continues to make tangible progress on climate. We have invested over £1.3 billion in Paris-aligned equity strategies, a further £570m in sustainable equities, and over £400m is committed to renewable infrastructure. To put this into perspective APF's holding in Shell is c. £6.5m or 0.1% of total assets. Aggregate fossil fuel exposure – across Energy, Financials, Industrials, Materials and Utilities – represents under 2.0% of total assets, largely with companies which own, operate, or finance transition enabling technologies and assets.

APF was disappointed to see a deceleration of prior commitments to reduce oil & gas output from Energy companies this year, but was encouraged by Brunel acting in concert with other UK pension schemes to vote against Shell directors at its AGM. The outcome of the vote and any steps taken by the companies in response to ongoing engagement will be shared in due course. Furthermore Brunel has recently announced that it will convene a meeting (via the UK Asset Owner Roundtable forum) of major fund managers over a perceived misalignment between long-term interests and voting intentions, with European oil and gas majors as the focus.

Finally we are reviewing our climate goals and policies with a view to setting more ambitious targets before the end of 2023. We will welcome your input as stakeholders in this process and we will reach out in due course to seek your views.

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