

Avon Pension Fund – Divestment and Diversification

Motion to be moved by: Cllr Martin Fodor, Redland Ward, Green Group

Date of Submission: 7th March 2019

This council notes:

1. In 2015 ~~the~~, Full Council resolved that the Avon Pension Fund (APF) should consider divestment from fossil fuels and diversification into clean technologies like renewable energy, energy efficiency and energy storage;
- ~~2.~~ Council agreed that the Mayor should contact Avon Pension Fund and ask for a report on the issue;
- ~~3.~~ There is widespread concern from scientists that declared worldwide fossil fuel reserves, if exploited, constitute a threat to the stability of the global climate;
- ~~4.~~ There is growing recognition that fossil fuel reserves are therefore a class of asset held by investors which have growing risks of being 'stranded' ie left with reducing value due to the fact not all claimed reserves now have the value being imputed to them, due to the need for them to remain in the ground;
- ~~5.~~ An ever growing number of public and private sector funds, endowments and investment portfolios are choosing to divest from fossil fuels worldwide, including several local government pension funds. MPs have now called for their own funds to be divested.
- ~~4.~~ The recent clarifications of the fiduciary duty of fund managers confirms that they should take into account a range of environmental, social and governance (ESG) issues and have a clear statement of investment policies;
- ~~7.~~ The Avon Pension Fund now uses investment provided by the Brunel Pensions Partnership, which is a leading local government pension partnership offering low carbon investment opportunities.
- ~~8.~~ Staff union Bristol Unison recently reaffirmed their clear support for divestment of the funds from fossil fuels, in -a motion seconded by the Branch Secretary.
- ~~7.~~ The council's own ethical investment policy – separate from the APF – which is delivering a considerable return while avoiding organisations engaged in/investments which would worsen de-forestation, fossil fuel extraction, and poor environmental practices.
- ~~8.~~ Since 2016, the APF has enhanced its environmental, social, and corporate governance (ESG) to recognise and assesses climate change risks, undertake annual carbon footprinting studies, and review low carbon indices and the sustainability of assets; in 2017, the APF increased its allocation towards renewable energy infrastructure; in 2019, Councillor Pearce (who sits on the APF committee for the council) is already arranging a briefing on APF's ESG, divestment, and exposure for members.

This council believes

9. The long term future of the APF is as a fund that is divested from fossil fuels and one that ensures a wide range of investments in renewable energy, energy efficiency technologies, energy storage and smart energy technologies, and other types of investments that will benefit the city and its future residents;
10. Council recognises that a carbon neutral city will create substantial, valuable new jobs in the future sustainable economy.
11. That the investment strategy and policies of the APF should be brought into line with this vision of the future inclusive ~~prosperity prosperity~~ and sustainability of the city;
12. The APF ~~should be is~~ leading this process of divestment and diversification, not waiting until the likelihood of stranded assets become more of a risk to the wealth of the fund; though there is complexity, particularly given fossil fuel companies are increasingly buying up and investing in renewable energy;

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13. The process of divestment and diversification is also important and should be managed in a way that ensures just transition to new employment, supporting skills development for new sectors and a range of opportunities - with backing from WECA.

14. Pensions belong to employees, not politicians, and the trustees/APF have a fiduciary duty to APF members. Playing politics with pensions without fully consulting staff is anti-worker and risks failing to understand the crucial need for social and environmental justice to go hand-in-hand.

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This council therefore resolves to call on the Mayor

14. ~~To~~Ask the Mayor and Councillor Pearce to meet with the head of the Avon Pension Fund to discuss the divestment of funds over the next 5 years and the review of the fund's ESG policies;

15. Request party whips encourage all members to attend the APF briefing which Councillor Pearce is organising.

16. To support the Mayor's promotion of the diversification of the fund into investment in clean technologies that support renewable energy, energy efficiency and energy storage among other investments that are in line with such policies, the City Leap agenda, and the city's goals for 2030;

17. To liaise with fund members in the city and council unions to explain how this secures future prosperity and pensions income if making any changes to their pensions while ensuring a just transition for workers in sectors that will change, and helps achieve a carbon neutral city by 2030.

18. Since the Climate Emergency – declared by 435 councils throughout the country via the Local Government Association on 2 July, following Marvin Rees' motion – extends well beyond Bristol's borders, the administration should continue to encourage the Brunel Pension Partnership (valued at around £30 billion, of which the APF is part) and the Local Authority Pension Fund Forum (with combined assets worth over £200 billion) to effect change in the behaviour of its investee businesses through a process of active engagement with those businesses via the LAPFF, rather than "walking away" and surrendering all influence with companies' managements.

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