

PENSIONS COMMITTEE 25 JUNE 2021

PUBLIC QUESTION TIME

1. Question from Kris Welsh

A publicly available FOI gives details of the pension fund's investments in four fossil fuel companies between May 2019 and the end of October 2020. The four companies are Anglo American, BHP group, BP and Shell.

In May 2019 the fund's investments in these four companies amounted to £25.05 million. By the end of October 2020 they amounted to just £5.47 million. The FOI reply detailed this as an overall profit and loss drop of £7.54 million.

By comparison the total profit and loss drop of the entire portfolio was £18.13 million in the same time period. **Meaning that these four companies accounted for 41.5% of the fund's losses from May 2019 to October 2020.**

As pension committee members you have been sent a summary of a recent Divest UK report, which includes the finding that over £1.75bn has been wiped from UK council pension funds due to "crashing" oil investments over the past three years.

SCPF has experienced its own oil crash in those 3 year. Shell & BP combined investment at 31/3/18 was £25.33m, by 30/10/20 it was £3.62m. **That is a reduction of 86%.**

It is now well past time for SCPF to drop fossil fuel company stocks, both for the climate and for the fund's future valuation.

You were asked by the council to commit to divesting within 3 years in July 2020, but you say you will not make a decision until December 2021.

What assessment has the Committee made of the risks of delaying a decision on divestment?

Response: The Pension Committee is currently undertaking an extensive piece of work around this and the timelines for making decisions have been made publicly available.

2. From Lindsay Short

Can the Pension Committee please comment individually on this quote from the head of LPGS Central Mike Weston:-

"There is a unifying belief among our partner funds that there is no point in generating great investment returns if when people retire decades in the future, they have an ugly world to live in. And equally, it's no point creating a great world if the

*retirees don't have a pension to enjoy it with. So we have to balance those two elements. **Our view is that investing responsibly, in sustainable industries, actually leads to a better world and higher investment returns.***" (please note I have added bold type)

How we Run our Money: LGPS Central

<https://www.ipe.com/interviews/how-we-run-our-money-lgps-central/10053004.article>

Can the Pension Committee outline their plans to stay within the Paris Agreement and divest from fossil fuels and invest in sustainable industries? Rather than continuing to support industries that cause, and have full understanding of the environmental, social, financial hardships and damage that they cause. Creating the 'ugly world' is rather an understatement as it is well documented that these industries are destroying the planet. It does not seem unreasonable for the committee to state how they will follow the lead and demand investment in sustainable industries for a better return and better environmental outcome. There is of course every reason to save the planet and at the same time have a healthy pension, there is no point harming the planet on which we live leaving nothing for future inhabitants to enjoy.

Response:

The Pensions Committee would not wish to underplay the importance of this question in any way, but this question is very similar to previous questions we have received and answered. The status of the significant progress made to date following the Council's motion and the timeline for future decisions, statements made by the Chair, previous public questions submitted (and the responses provided) and specific presentations on all of the issues raised in this question, can be found by following the link to all the Pension Committee meetings on the Council's website.

3. From Joanna Blackman

In the last couple of weeks, all members of the Pensions Committee should have received a copy of the UK Divest Report, produced by Friends of the Earth & Platform.

Please could members of the Pensions Committee confirm whether they have indeed received a copy of the report?

The report quotes research which demonstrates and quantifies current impacts of burning fossil fuels. For example: in 2018 alone, the burning of fossil fuels caused more deaths than tobacco-smoking and malaria combined—often through heart disease and respiratory ailments ([Milman, 2021](#))

Do these findings about the current harm caused by fossil fuels and/or other conclusions of the report, raise concerns for committee members about their continuing strategy of investing in and engaging with fossil fuel companies?

Source: Milman, O. (2021) 'Invisible killer': fossil fuels caused 8.7m deaths globally in 2018, research finds, The Guardian, 9 February,

https://www.theguardian.com/environment/2021/feb/09/fossil-fuels-pollution-deaths-research?CMP=Share_iOSApp_Other

Response:

I confirm members of the Pension Committee have received a copy of the report.