

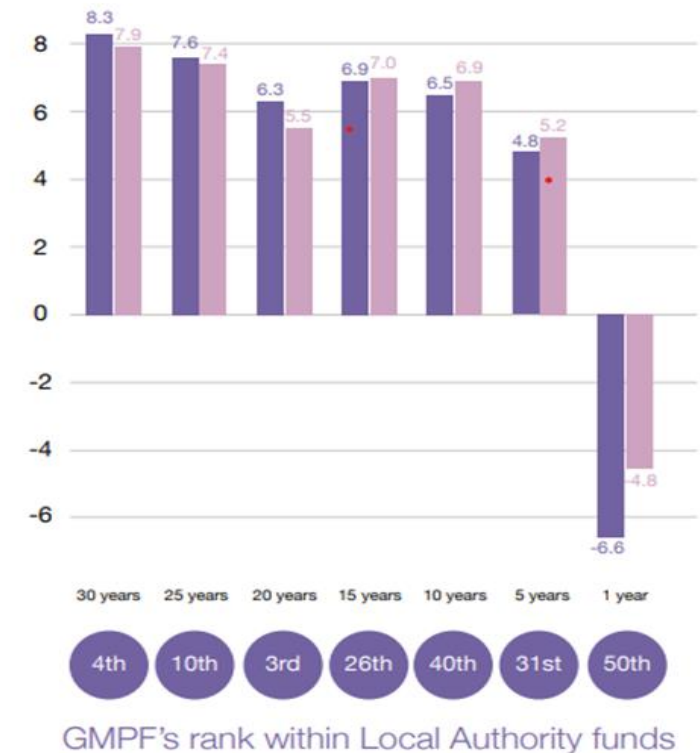
Why GMPF should divest from fossil fuels



GMPF

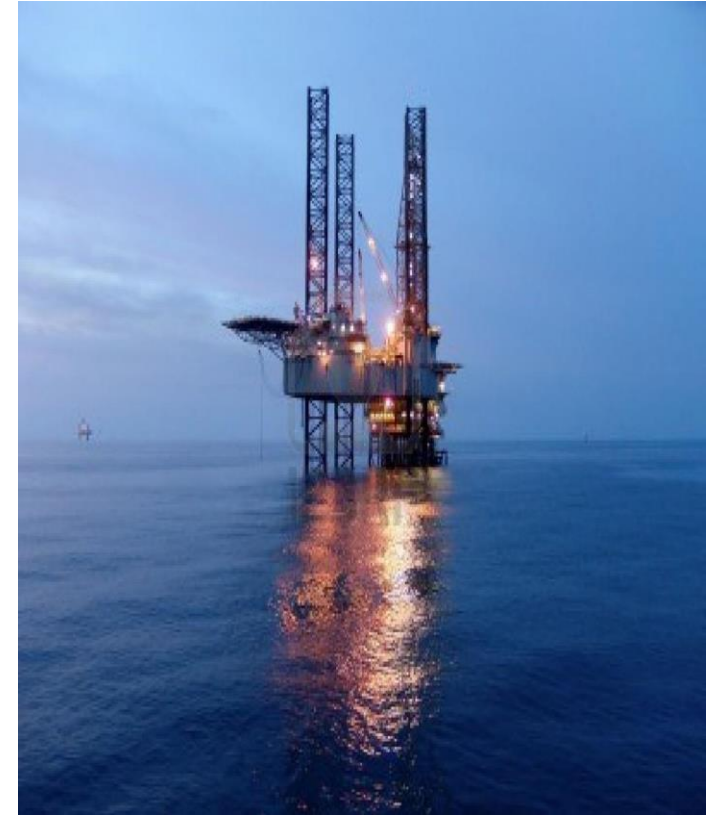
- ❖ Largest LGPS £22bn
- ❖ Tameside Council administered + 9 GM Clls, TUs and Probation reps
- ❖ Fiduciary duty and employer costs (taxpayer)
- ❖ Local investment and renewables
- ❖ 30 year performance above LGPS average
- ❖ Last 15 years **below** the LGPS average (2019-20 loss of 6.6% - LGPS average loss of 4.8%)

PENSION FUND RETURNS
PIRC Local Authority Survey - Financial years to 31 March 2020



GMPF and Fossil Fuels

- ❖ **DIRTIEST** LGPS - nearly £1bn in FF (*GMPF 4.4% Lancs 1.2%, Cheshire 1%, Merseyside 2.8%*)
- ❖ Direct investments in company shares - *largest are Shell and BP*
- ❖ FF investments appear to have **increased in 2019-20** *Glencore (42.3%), Shell (27.3%) and BP (18.6%)*
- ❖ “partial divestment?” - *£2.37bn to low carbon = only £124m out of FF*



Fiduciary Duty

Legal duty to invest in a way that best serves **all** the investors they represent.

Legal advice to the LGA in 2014 said:

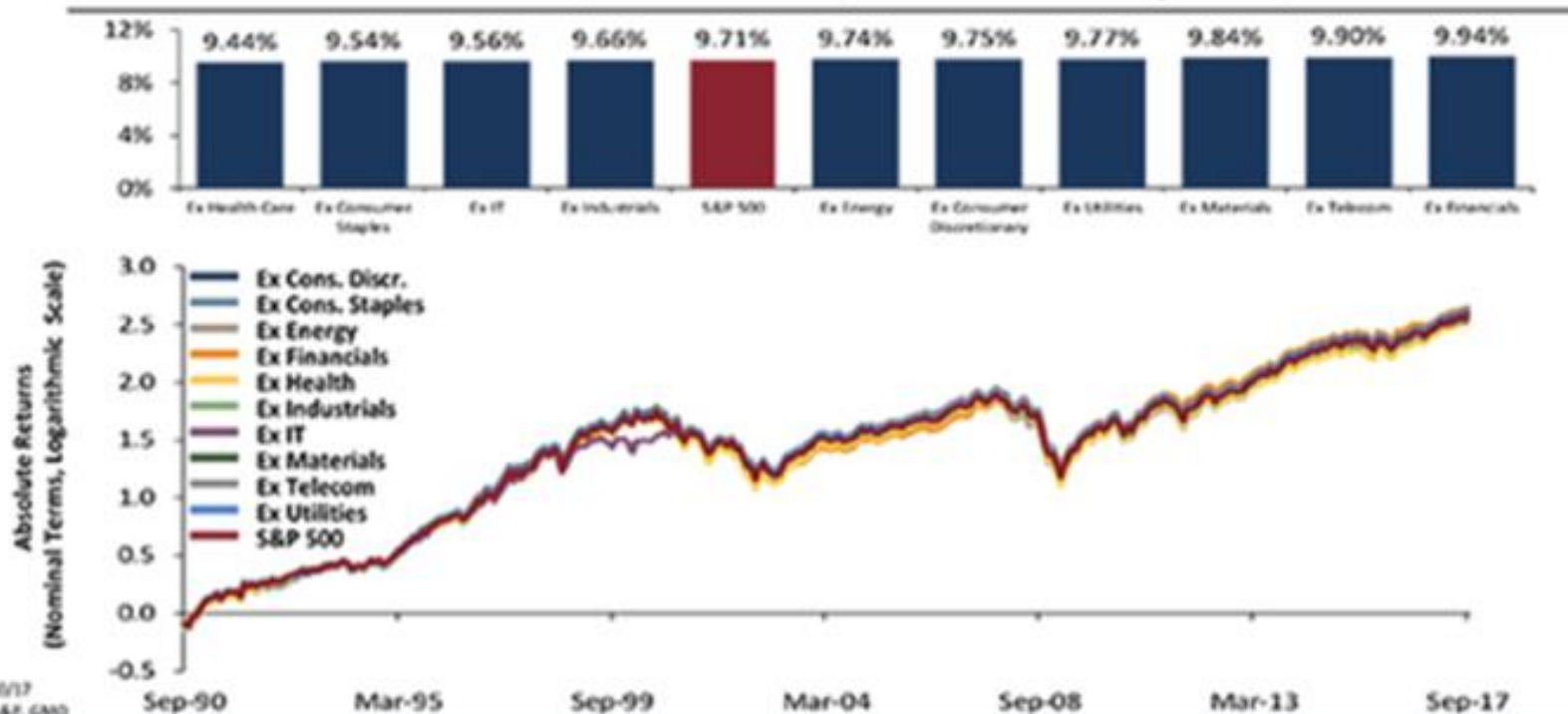
'the precise choice of investment may be influenced by wider social, ethical or environmental considerations, so long as that does not risk material financial detriment to the fund.'

GMPF divested from tobacco in 2014 due to its public health impacts



Yes, You Can Divest From Oil – or Anything Else – Without Much Consequence

Annualized Absolute Returns (Nominal Terms): 1989-2017 – Range: 50 bps



Modelling Study by Jeremy Grantham et al – London School of Economics

Impact of Divestment from 1989 to 2017

Moral arguments

- ❖ Stop funding the cause of our climate emergency
- ❖ Stop funding FFCs with a history of lobbying against climate science
- ❖ Stop funding FFCs committed to further extraction
- ❖ Stop funding FFCs greenwash



Financial arguments

- ❖ Stranded Assets
- ❖ Energy Transition – Peak fossil fuels in 2018
- ❖ Resilience – to the energy transition (*not the same as carbon metrics*)
- ❖ Household names do fail – Kodak, Blackberry

Good source: Carbon Tracker



Engagement

- ❖ No evidence of impact
- ❖ It isn't working
- ❖ Waste of our money
- ❖ Lends credibility to greenwash
- ❖ PIRC acts for them and "Pool"
- ❖ Voting record online

"Organisations have been working hard to persuade fossil fuel companies to invest in green alternatives."

These companies have made insufficient progress and now we have decided to divest from fossil fuel companies."

Peter Vermeulen, Chief Financial Officer, The National Trust (2020).

Other Issues

Just Transition:

- ❖ What is the link with FF investments?
- ❖ Needs Government Action
- ❖ FFC already reducing UK workforce
(UK FF sector workforce down 247k to 118k)

Carbon Metrics

- ❖ Metrics important but different issue

Over-claiming



References

<http://fossilfreegm.org.uk/index.php/2021/07/03/fossil-free-gms-updated-fact-check-briefing/>

<https://www.divest.org.uk/resources/> **Resources for local councillors and council staff**

<https://www.youtube.com/watch?v=HFWaEh1-ueA> (webinar for councillors)

<https://carbontracker.org/>

<https://platformlondon.org/wp-content/uploads/2020/09/Oil-Gas-Workers-Report.pdf>

<https://www.gmpf.org.uk/GMPF/media/About/documents/Annual-report-2020.pdf>

<https://energytracker.asia/oil-and-gas-industrys-net-zero-commitments/>