



Dyfed Reinvest Briefing Paper November 2016

Dyfed Reinvest is a coalition of organisations and individuals campaigning for the Dyfed Pension Fund to take its money out of fossil fuels. This is part of an international campaign for divestment – divestment being the opposite of investment – which calls for institutions, organisations and individuals to take their money out of fossil fuel companies, to make sure we have a chance of averting runaway climate change.

Why do we want Dyfed Pension Fund to divest?

We know that 80 percent of fossil fuel reserves need to remain in the ground if we are to avoid climate catastrophe. That is very bad news for the companies that have made their money from this sector and it is very bad news for investors in those companies. Research by 350.org, Friends of the Earth and others suggests that around £14 billion of local government money in the UK is invested in fossil fuels via their pension funds.

And it's not just about protecting our planet either, in the last year, the Governor of the Bank of England (Mark Carney), HSBC, Mercers and the World Bank have all made it clear that climate change is a major and growing financial issue. Mark Carney has said that climate change poses physical, liability and transition risks, which all are increasing.

In April 2016 the Pensions Regulator published guidance which makes clear that trustees must “bear in mind that most investments in defined contribution schemes are long term and are therefore exposed to the longer-term financial risks. These potentially include risks relating to factors such as climate change”.

Climate change is now a clear, material financial risk. The Law Commission is also clear that under fiduciary duty, trustees “should take into account financially material factors”. We believe therefore that it is in the best interests of the Dyfed Pension Fund to have regard to the financial risks posed by climate change, and take appropriate steps to manage these risks.

Who else is divesting?

Waltham Forest is the first UK public pension fund to divest. Along with Bradford, Reading and York councils, Swansea Council are currently reviewing pension fund investments in fossil fuel companies –

<http://www.southwales-eveningpost.co.uk/swansea-council-pension-fund-experts-are-to-examine-fossil-fuel-investments/story-29720269-detail/story.html>

Kirklees, Hackney, Cambridge, Oxford and Bristol councils are calling on their pension funds to divest. The Environment Agency is moving its £2.9 billion pension fund out of coal and some oil and gas companies.

Further afield, institutions, organisations and councils around the globe are divesting from fossil fuels in ever greater numbers: the Norwegian government has decided that its \$900 billion sovereign wealth fund will sell off its coal investments; Berlin has this month joined other European capitals like Stockholm, Paris, Copenhagen, Stuttgart and Oslo in making a powerful, public rejection of the fossil fuel industry; Sydney council has voted to introduce divestment.

Further Information:

1. Friends of the Earth has produced a briefing document for Local Authorities around Divestment. Please do take a few minutes to read through the information if you have time -
<https://www.foe.co.uk/sites/default/files/downloads/local-government-pensions-fossil-fuel-divestment-89508.pdf>
2. For a list of organisations and companies who have or are divesting from fossil fuels, please see
<http://gofossilfree.org/commitments/>
3. For an interactive map of Local Authority investments -
<http://gofossilfree.org/uk/pensions/>
4. An organisation called Community Reinvest has produced a report on reinvestment, in economic activities that are low carbon, create good quality local jobs, have demonstrable social benefits, and increase public and democratic control over the economy -
<http://communityreinvest.org.uk/wp-content/uploads/2016/03/Reinvesting-Pensions.pdf>

Who to Contact?

If you would like to help, or need more information, please email Jan Waite, janwaite2103@yahoo.co.uk. We are keen to find people who would be interested in working with us, to help raise awareness of this issue within Pembrokeshire County Council.

Pembrokeshire Friends of the Earth and Dyfed Reinvest campaign, Nov 2016.