

Strathclyde Pension Fund – Council motion on fossil fuel divestment noted – Proposals approved.

5 With reference to the minutes of the Council of 1st April 2021 (Print 1, page 11) asking this committee to make a formal commitment to fossil fuel divestment prior to COP26, with the intention of divesting completely as quickly as possible, and no later than 2029, to continue to engage on the basis of the Responsible Investment strategy to address the impact and future of fossil fuels and that it further considers how it could reinvest the Pension Fund Members' hard-earned money to drive a green recovery for the wider Strathclyde region, there was submitted a report by the Director of Strathclyde Pension Fund (SPF), advising

- (1) that divestment from fossil fuels was already happening as a result of the Fund's Climate Change Strategy and the strategy continued to be developed to react to the ongoing climate emergency;
- (2) that SPF remained at the forefront of responsible investment and early adoption of the UN Principles for Responsible Investment (PRI), the creation of the Direct Investment Portfolio (DIP) and early compliance with the requirements of the Task Force on Climate-related Financial Disclosures, clearly demonstrated climate leadership and were closely aligned with the objectives of COP26;
- (3) of the Responsible Investment Strategy and that SPF remained fully committed to fully engage with responsible investment initiatives, including through its industry leading engagement via the Fund's renewed contract with Sustainalytics;
- (4) that SPF's business plan for 2021/22 included a review of its DIP, through which it made local and ESG impact investments, with a summary of DIP and its investments being detailed in Appendix F of the report, and as work continued to define what a Green recovery might look like, further opportunities to invest would present themselves;
- (5) that whilst divestment from fossil fuels was already happening and SPF were world-leaders in responsible investment, it needed to continue to consider its portfolio to ensure that it was aligned with the commitments that the Fund had made; and
- (6) that the implication of the Climate Change Strategy, which aligned with the goals of the Paris agreement, had already produced significant reductions in the Fund's carbon footprint and it was expected that a further iteration of measurement, the results which were expected shortly would confirm further reductions.

After consideration, the committee

- (a) noted
 - (i) the Council motion on fossil fuel divestment;

- (ii) the ongoing work of SPF in responding to the climate crisis, as detailed in Appendix 1 of the report;
 - (iii) that the SPF continued to perform in the top tier of global PRI signatories and received the maximum A+ score in the 2020 PRI survey; and
 - (iv) the ongoing engagement within the Responsible Investment strategy; and
- (b) agreed that
 - (i) an assessment of energy sector companies in SPF portfolios be conducted to ensure all were meeting minimum standards to be agreed in consultation with investment managers and Sustainalytics;
 - (ii) if any did not meet these standards, SPF should disinvest from them;
 - (iii) any disinvestment should be completed as quickly as possible whilst ensuring no detriment to the financial stability of the fund; and
 - (iv) a further report would be submitted to the next meeting of this committee.