

**PENSION COMMITTEE – 24<sup>TH</sup> SEPTEMBER DATE 2021**  
**PUBLIC QUESTIONS**

1. Questioner's name: Helen Bojaniwska, on behalf of Stroud Town Council staff. Submitted letter attached to agenda.	Respondent's name: Cllr Lynden Stowe	Notes
<p>Question 1: How much of the Gloucestershire County Council Pension Scheme fund is currently invested in fossil fuels?</p> <p>Question 2: Will the Committee pass a motion, or make a recommendation to Full Council, committing to reducing the zero the Gloucestershire County Council Pension Fund's holdings in companies whose main business is the production and distribution of fossil fuels, by a definite date?</p>	<p>Q1 Reply: Based upon the last annual carbon metrics report for the Gloucestershire Pension Fund as at 31 December 2020 the exposure to fossil fuel revenues was 1.4% of the Fund.</p> <p>Q2 Reply: The Gloucestershire Pension Fund aims to deliver stronger investment returns over the long term, protecting our interests through contributing to a more sustainable and resilient financial system, which supports sustainable economic growth and a thriving society.</p> <p>The Brunel Pension Partnership manage the investment of the assets of the Gloucestershire Pension Fund, in conjunction with nine other Funds in the South West of England. As such, Brunel will own and maintain a Responsible Investment and Stewardship Policy on behalf of their clients. The current Brunel policy on Engagement &amp; Divestment states:</p> <p>'On the issue of divestment, Brunel supports divestment from specific fossil fuel and other carbon-intensive companies, if they present a material</p>	

investment risk – such as due to ‘stranded assets’ – but this is based on analysis by our asset managers. Brunel expects managers to take these decisions independently.

In addition, we have committed to review this approach and, indeed, the holdings themselves; and to evaluate whether companies are taking steps to manage climate risks and to enable our overall alignment with the Paris Agreement. Brunel set out clear expectations for its asset managers and a deadline of 2022 for reviewing companies – our climate stock take is due in 2022. The criteria to evaluate companies and managers is being developed with our clients. It will take into account different investment mandates and starting points, but always with reference to Paris alignment. We chose not to use exclusion lists with our active managers. Instead, we require them to analyse the companies and other entities they invest in, and to justify their investments in those companies with higher greenhouse gas emissions. We do not currently issue exclusion lists because what is most needed is change in the way investment managers work. Simply enforcing exclusions, or requiring divestment from specific stocks or sectors, will not compel investment managers to develop their capacity on climate change or to drive change in the companies they hold. Climate then becomes a technical operational matter, not an investment priority.

<p>Question 3: Will the Committee ask the Brunel Partnership to make available investment opportunities across the various asset classes which would entirely avoid the financial risks of investment in companies whose main business is fossil fuels? (This could be achieved if the promised 'Paris-aligned portfolio' were to exclude investment in such companies.)</p>	<p>However, we acknowledge that we may need to take other action and have reserved the right to implement specific, and stock-specific, exclusions as part of our Climate Stock Take in 2022.'</p> <p>The Fund supports this policy and looks forward to working in collaboration with the nine other Funds and Brunel on the outcomes of the Climate Stock Take in 2022.</p> <p>Q3 Reply: Brunel has been working with FTSE Russell to develop a new set of benchmarks, not least for passive funds, that integrate climate objectives into how they are constructed.</p> <p>These ground-breaking benchmarks were formally announced earlier this summer and will be available for the partnership and the Fund shortly.</p> <p>These portfolios will offer us the Net Zero-aligned portfolios, we as partner funds tasked Brunel to provide. Emphasis was also placed on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to have the ability to deliver on our overall investment objectives.</p>	

