

## Hinckley and Bosworth Borough Council Motion. Passed 22/2/23.

This Council notes:

Monies associated with Hinckley & Bosworth Borough Council's staff pension scheme are held within the Leicestershire County Council pension fund. This externally managed fund is reported to have fossil fuel investments of £154m on 31 March 2022 or 3.7% of the fund's total investments of £4.1bn.

The United Nations Paris Agreement, reaffirmed at the COP27 Climate Summit in Egypt, commits governments to keep the global temperature increase to under 2.0 degrees and aim for 1.5 degrees. Carbon budgets produced by the Intergovernmental Panel on Climate Change, United Nations and the International Energy Agency show that preventing two degrees of warming relies on humanity not burning most of its proven fossil fuel reserves.

Former bank of England governor, Mark Carney, has warned that fossil fuel investments risk becoming "enormous, stranded assets"<sup>1</sup> as fund managers reevaluate the sector. Speaking on BBC Radio 4 in 2019 he said "a question for every company, every financial institution, every asset manager, pension fund or insurer – what's your plan?"

Pension funds have a fiduciary duty to consider the material risks of continued investment in fossil fuels. Fiduciary duty is defined by the Law Commission as "ensuring the pensions can be paid, ensuring that this is undertaken at the best possible value".

Pension funds also have a legal duty to treat members "fairly as between them". That means taking seriously the longer-term interests of younger members who may be affected more by the climate transition.

This Council commits to:

1. Reaffirming the principle embodied in the economy strand of the borough's Climate Change Strategy 2022 – 2024, which seeks to ensure that Council's investments are placed in environmental and socially responsible stewardship. Fossil fuel investments must be considered as part of the council's "carbon footprint".  
Withdrawing our pension fund from those companies who create the largest carbon emissions is one of the most impactful steps we can take to reduce our impact on our community and the world.
2. Calculate and publish the scale of that carbon footprint at a borough-wide level associated with pension investments in the Leicestershire scheme.
3. Calling on Leicestershire County Council Pension Fund to bring forward a transparent plan to divest from fossil fuels by 2030 through the development and adoption of responsible investment policies that:
  - a) Stop investment in energy companies actively exploiting new fossil fuel reserves
  - b) Divest from direct ownership and any commingled funds that include fossil fuel public equities and corporate bonds unless the specific funds are being used exclusively to develop or support renewables, carbon capture, hydrogen or other decarbonisation technology
  - c) Instruct its fund managers to pursue an active investment strategy in companies with a verified commitment to, and track record of, reducing greenhouse gas emissions and minimise climate risk.