

Composite B

PENSIONS AND CLIMATE CHANGE

(Motions 22 and 23, Amendments 22.1, 22.2, 22.3, 23.1, 23.2)

Conference acknowledges the importance of well sourced pension schemes that provide reasonable returns so that members can live with dignity after retirement. Conference acknowledges the value of legislative changes that allow trade union representation on pension boards as a positive step.

Conference recognises that the threat of global warming to our environment and to the wellbeing of the world's population has been neglected by the UK government and that immediate actions are required to limit the damage that is already taking place. Conference recognises the Scottish Government's ambitious targets to reduce carbon emissions but notes that the UK Government has failed to adopt similar targets.

As continued investments in fossil fuels pose material financial risks to portfolios, funds have fiduciary duties to consider the benefits of decarbonising as part of their investment strategies. Furthermore, trustees may consider non-financial factors if members share the concern and there is no risk of significant financial detriment to the fund – which is increasingly the case for divestment.

By divesting the £14 billion currently invested in fossil fuels, local councils can take an important step forwards in challenging climate change. Reinvesting this money into renewables, housing and public transport is a feasible and sensible strategy for providing a long term return and building safe pensions for public sector workers.

Conference notes:

- 1) The Paris 2015 Agreement, committing our governments to keep the global temperature increase to under 2 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 not burning 60-80% of all proven fossil fuels;
- 2) Pension funds have a legal duty to treat members "fairly as between them". That means taking seriously the longer-term interests of younger members who may well be affected more by the climate transition;
- 3) UNISON is the largest staff union in the UK gas industry and the work of the UNISON energy service group executive in investigating hydrogen with carbon capture storage (CCS) as an alternative to gas in the UK's supply and distribution pipe network to UK households.
- 4) The importance of a just transition for workers in the fossil fuel-related sectors such as offshore oil, power generation and the automobile industry, so that they can benefit from a transition to decent and unionised jobs in the low carbon economy;

- 5) Fiduciary duty is defined by the Law Commission as 'ensuring that pensions can be paid, ensuring that this is undertaken at the best possible value'.

Conference agrees to:

- a) Campaign for divestment from fossil fuel extraction for all pension funds where we have members and we can argue it is in the fiduciary interests of scheme members ensuring that there is no short term economic damage to each pension fund and that an economic strategy for re-investment of the disinvested assets is identified to ensure no long term damage to each fund and the ability to pay pensions.
- b) Seek alliances amongst other trade unions who share our objective and work co-operatively with them to achieve divestment;
- c) Engage with UNISON members with an aim of improving their knowledge base around climate threats created by fossil fuel extraction;
- d) Produce literature on fossil fuel divestment that will enable branches to engage with the employers where they are members of a LGPF;
- e) Call upon our local LGPS to invest safely for pension holders' wellbeing, by divesting fossil fuels over five years and reinvesting into the just transition, giving due regard to fiduciary duty and if necessary call for the fund administrators to consult members of each pension fund;
- f) Seek divestment of LGPS from fossil fuels over five years giving due regard to fiduciary duty;

Scotland 22
National Executive Council 22.1
National Executive Council 22.2
Hastings and Eastbourne Healthcare 22.3
Norfolk County 23
National Executive Council 23.1
National Executive Council 23.2