

## Mayor of London – NewsPress Release

**Subject:** Mayor calls for boroughs to ditch fossil fuel investment

**26 March 2018**

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The Mayor of London, Sadiq Khan, is today calling on local authorities from across the capital to join him in fighting climate change by divesting their pension funds from fossil fuel companies. Divestment is the opposite of investment – and in this case means getting rid of assets that are invested in companies that are extracting fossil fuels as sources of energy and contributing directly to climate change.

Sadiq is already delivering one of the strongest and most ambitious divestment plans of any world city, as he promised in his manifesto. Last year the London Pension Fund Authority agreed a climate change policy. This committed it to no longer consider new **active** investments in fossil fuel companies that are directly engaged in the extraction of coal, oil and natural gas as sources of energy, which are ignoring the risks of climate change and unable to demonstrate planning for the global transition to a low-carbon economy and for future emissions reduction targets under the Paris Agreement.

Sadiq is now calling on London boroughs to follow his lead in working with pension fund managers to recognise the risk of climate change to their investments and starting to divest from fossil fuels and invest in more clean projects.

A number of London's boroughs, including Waltham Forest, Southwark and Hammersmith & Fulham, have already made commitments to work with their pension funds on divestment and investments in clean projects, and the Mayor wants to see more boroughs sign up to the commitment and share best practice.

The Mayor of London, Sadiq Khan, said: "I made a manifesto commitment to take all possible steps to encourage the LPFA to divest its remaining investments in fossil-fuel industries that damage the environment and lead to climate change. "Over the last two years my team has been working closely with the LPFA to deliver on this pledge, and the policy they have put in place is a strong and sophisticated one that recognises the risks to pension funds if no action is taken. LPFA is now working hard to implement its policy so that the necessary action can be taken by 2020, in line with the commitments it has made.

"I am now calling on local authorities across the capital to join me in taking their pension funds out of companies that can damage the planet and lead to climate change. **By working together, we will have a louder voice to convince polluting firms to change their ways in order to tackle climate change."**

Martin Watters of Divest London, said: "It's an amazing moment to see Mayor Khan calling on his fellow local government leaders to show climate leadership and divest from fossil fuels. "From the Caribbean to the Pacific, the last year has brought devastating climate impacts. London should be investing in building a clean, safe energy system for all - not in the industry fuelling the climate crisis.

“We’re looking forward to continuing work with City Hall in the coming months to make Mayor Khan’s own divestment commitment a reality, through the finalisation of the implementation plan released later this year.”

Catherine Howarth, chief executive of responsible investment campaign group ShareAction, says: “This is hugely exciting! ShareAction welcomes this move to push responsible investment up the agenda in London. Pension savings are highly vulnerable to the economic impacts of climate change. At the same time, it makes sense to deploy pension fund capital into the investment opportunities of the fast-growing low-carbon economy to create a world we all want to retire into. London’s pension savers deserve no less.”

Sarah Butler-Sloss, Founder and Chair, the Ashden Trust, said: “We applaud Mayor Khan for his excellent leadership in working with civil society to implement his manifesto commitment to divest from fossil fuels and invest in climate solutions. As fossil fuel companies continue to adopt risky business plans in the face of existential risks from climate change, divestment is the safest option for investors to take and demonstrates a clear commitment to pension holders long term interests. We look forward to other local government pension funds following Mayor Khan’s lead and committing to Divest as well.”

An initial headline review of the London Pension Fund Authority's overall climate change characteristics has already been undertaken with a detailed implementation plan now in progress. The report confirms that LPFA only has 2 per cent of its entire holdings, £59m, invested in fossil fuel companies - significantly below the market benchmark of 6 per cent. The report also confirms that the infrastructure portfolio shows increasing levels of investment in renewable energy projects.

The London Pension Fund Authority has one of the lowest percentages of investments in fossil fuels and the highest in renewables amongst local government pension funds. The LPFA has also committed to publish an implementation plan/ assessment of its portfolio which will set out how the climate change policy will be implemented by 2020.