Resolution to divest from upstream fossil fuel companies with expansion plans

Filed at Pension fund P+ AGM, April 3, 2024

Resolution text

The AGM calls on the Board of Directors to update the pension fund's sustainability policy and divestment criteria for the fossil fuel sector by the end of 2024, so that the pension fund divests from oil, gas and coal companies whose business model is not compatible with the Paris Agreement. In this context, investments in new oil and gas fields or new coal-fired power plants are not considered compatible with the Paris Agreement. The updated divestment criteria should be followed unless there is a reasonable justification, cf. the comply or explain principle.

Justification

Both the International Energy Agency, IEA **[REF 1]** and the Intergovernmental Panel on Climate Change (IPCC) **[REF 2]** have unequivocally stated that the establishment of new oil and gas projects is in direct violation of the Paris Agreement. The construction of new coal-fired power plants from 2025 onwards and the continuation of coal-fired power plants beyond 2030/2040, as set out in the IEA's guidelines in "Net Zero by 2050", also prevent the global temperature increase from being kept below 1.5 degrees.
That is why this resolution is being filed.

At the recent COP28 in the United Arab Emirates, all countries in the world have reaffirmed the Paris Agreement and adopted a number of important benchmarks, including a tripling of renewable energy by the year 2030. The COP meeting adopted a call to all countries to *"Transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science"* **[REF 3]**.

The resolution will contribute to P+'s pledge to support the Paris Agreement, helping to translate ambitions into concrete action, which is necessary to maintain P+'s credibility as a climate-responsible pension fund. At the same time, the resolution will better protect P+ against the potentially large loss of value that the majority of the fossil fuel sector is expected to suffer as the green transition accelerates. The IEA estimates that as much as 60% of the value of the oil and gas sector could become worthless in the green transition needed to comply with the Paris Agreement **[REF 4].**

The resolution is in continuation of a former member proposal, which was adopted at the Annual General Meeting on 19 August 2020: *"The AGM calls on the Board of Directors to – by the end of March 2021 – liquidate the last investments in oil and gas companies that contradict the Paris Agreement or have a business model that is not compatible with the Paris Agreement".*

The present resolution means that remaining investments in companies investing in new oil/gas extraction or in new coal-fired power plants will be divested. In addition, the resolution means that no new investments will be made in companies of these types in the future.

References:

[REF1] IEA, NZE 2023 update: "there is no need for investment in new coal, oil and natural gas" page 16: [Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach - 2023 Update (windows.net)]

[REF2] IPCC: Estimates of future CO2 emissions from existing fossil fuel infrastructures without additional abatement already exceed the remaining carbon budget for limiting warming to 1.5°C (50%) (high confidence). – page 20 [AR6 Synthesis Report: Climate Change 2023 (ipcc.ch)]

[REF3] COP28 decision text, paragraph 28, FCCC/PA/CMA/2023/L.17
https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

[REF4]. The Oil and Gas Industry in Net Zero Transitions, IEA, November 2023
https://www.iea.org/reports/the-oil-and-gas-industry-in-net-zero-transitions