

To: The Petitions Committee of the Senedd

From: Heather Bolton Divest Gwynedd

Date: 19 January 2026

Subject: Response to Correspondence regarding Petition P-06-1522

Dear Carolyn Thomas, Chair of the Petitions Committee,

Thank you for the opportunity to respond to the letters provided to us in your latest email. We have endeavoured to respond within the questions allocated in said email. Should you wish to receive any additional information, please do let us know.

1. What are your thoughts on the attached documents?

We acknowledge the responses from Cllr. Peter Lewis (WPP) and Cabinet Secretary for Housing Jayne Bryant MS. It is encouraging to see the WPP's transition toward an FCA-regulated Investment Management Company by March 2026 and their partnership with The Good Economy to report on place-based impact investment.

However, these documents describe improved processes without a definitive commitment to divestment. A commitment on decarbonisation was expressed by Senedd members when motion NDM 7964 was passed with only one vote against in May 2022. This motion "called on the Welsh Government to work with the public sector to agree a strategy to decarbonise pensions by 2030, thus bringing them into line with current public sector targets". The proposed summit would provide much needed stimulus for such a strategy and ensure compliance with the wishes of Senedd members. While the WPP states it is "currently reviewing its investment framework" this language has been used for several years without resulting in a hard policy to exit fossil fuels or companies complicit in human rights violations.

The Welsh Government's response identifies pensions as a "reserved matter" but we believe this underplays the "soft power" and leadership role the Senedd can exert—as it did when Wales became the first nation to declare a Climate Emergency. Again, the proposed summit would provide an opportunity for demonstration of this leadership role.

The Petitions Committee has a proven track record of exercising leadership on non-devolved issues when they impact the Welsh public. Under the chairmanship of Jack Sargeant MS, the Committee conducted high-profile scrutiny into the prepayment meter scandal and the need for social energy tariffs. Although energy policy is reserved to Westminster, the Committee issued hard-hitting recommendations to the Welsh Government, successfully

urging them to use their intergovernmental channels to press the UK Government and Ofgem for urgent reform. This work demonstrated that the Committee and the Welsh Government can effectively act as a catalyst for national change, even when direct legislative power lies elsewhere.

2. Does it adequately address the issues that you raised?

No, it does not. The primary objective of the petition—a national summit to accelerate the transition away from unethical and climate-damaging investments—remains unaddressed. The letter from the Cabinet Secretary repeats many points made in previous letters and does not address the urgency of the issue at hand. The Event about decarbonisation of funds she mentions, took place in 2023 and although potentially valuable, resulted in no concrete outcomes.

-The exclusions gap: The WPP mentions exclusions for tobacco and coal. However, it continues to hold significant stakes in oil and gas companies. Until there is a time-bound commitment to divest from all fossil fuel companies, the pool is not aligned with Wales's own 2030 and 2050 climate targets.

-The accountability gap: While governance is being strengthened, there is no mandate for alignment with the Well-being of Future Generations (Wales) Act 2015.

The Act is currently treated as an “inspiration” rather than a hard constraint on fiduciary duty.

3. Do you have further questions in response?

In light of the March 2026 deadline for the new WPP operating model, we ask:

1. Exclusion timeline: When will the review of the investment framework be completed, and will it include a commitment to phase out all fossil fuel holdings by 2030?

2. Human rights standards: Will the new investment management company adopt a robust “Human rights due diligence” policy that triggers automatic divestment from companies operating in illegal settlements or conflict zones or otherwise involved in human rights abuses.?

3. Fiduciary duty: How is the WPP evolving its approach to *acting in members best interests*? Is the framework being updated to ensure that long-term climate stability and biodiversity resilience is given the same weight as short-term financial returns when making investment decisions? These factors will increasingly outweigh all others in benefits to scheme members, e.g. a new report from the Institute and Faculty of Actuaries and the University of Exeter has found that previous analyses may have substantially underestimated the economic impact of climate change. Research by the U.K's Climate Financial Risk Forum suggests that a “plausible, severe combined climate

and nature shock scenario” could lead to a global economic contraction of between 15% and 20%.

4. Public and petitioner involvement: As the WPP transitions to its new governance structure, what formal mechanisms will be put in place to ensure that petitioners, LGPS scheme members, and the wider Welsh public can meaningfully participate in and influence future investment and divestment decisions? In particular, will LGPS scheme members’ attitudes to fossil fuel holdings and investments in companies associated with human rights abuses be systematically explored, given that surveys conducted elsewhere have suggested these to be major concerns for scheme members? On the subject of public involvement, we would also draw the committee’s attention to the continued exclusion of the public from certain parts of WPP JGC meetings relating to climate risk, responsible investment and engagement reports. Legal advice obtained from Odette Chalaby (at the time with No5 Chambers), via the Environmental Law Foundation has cast doubt on these blanket exclusions.

The proposed summit would provide a forum to address such issues.

4. Additional information for the committee

-Scale of the issue: Research indicates that Welsh LGPS funds still hold over £1 billion in fossil fuel companies and firms associated with international law violations and human rights abuses. A Size of Wales and Global Canopy report from November 2023 estimated that close to £10 billion of Welsh LG funds are at risk of exposure to companies involved in global deforestation. These investments, alongside driving climate change and biodiversity loss are often accompanied by human rights abuses impacting local communities.

-Public demand: Our calls for the public sector to lead by example through divestment is widely supported and we request that the committee act on those concerns with urgency. We have the support of partners such as Divest Cymru, Climate Cymru, Global Climate Justice Group Wales, PSC Cymru and more. Furthermore, several Welsh Councils including Cardiff, Swansea, Gwynedd, Carmarthenshire, Monmouthshire, Clwyd, Newport, Powys, Ceredigion, Caerphilly and Neath Port Talbot have passed motions in relation to divestment from fossil fuel companies and /or those complicit in human rights abuses in Palestine and elsewhere.

-Investment and divestment: The WPP investments of the Sustainable Active Equity Fund, such as in social housing, renewables etc are very much welcomed. However, this is presently only a small proportion of the total WPP fund. There is a massive potential for an increase in such sustainable place-based investments which would directly benefit both fund members and Wales as a whole. The Summit suggested in the petition could serve to facilitate the identification of potential

investments of this kind which would be mutually beneficial to WG and the WPP fund. Investment managers have told us that finding suitable place-based investments have proved challenging in the past.

It is also important to say that ethical and sustainable investments do not cancel out harmful ones, these need to be addressed urgently.

-Financial returns on fossil fuel vs non-fossil fuel investments: Various providers of decision support tools for the global investment community publish indices that reveal superior performance of non-fossil fuel investments relative to fossil fuel investments. For example, the Morgan Stanley Capital International World Index excluding fossil fuel investments has risen considerably more than the parent MSCI World Index (which does include fossil fuel investments) over the period 2012-2025, with superior performance in 11 out of 14 years.

(<https://www.msci.com/documents/10199/255599/msci-world-ex-fossil-fuels-index-usd-net.pdf>).

Claims are often made that fossil fuel divestment is non-compliant with fiduciary duty; such comparative indices and other evidence show these claims to be unfounded. In addition, there is an increasing risk of stranded assets of fossil fuel investments.

-Limitations of the current policy of engagement: The success of engagement is repeatedly overstated by engagement providers with a vested financial interest. For example, the Local Authority Pension Fund Forum Annual Report for 2024 showed that of 48 recommendations in AGM voting alerts that were directly related to climate policies, just one was successful, on National Grid's Climate Transition Plan. Case studies from the report showed that despite engagement efforts, BP abandoned a target to cut oil and gas output by 2030 and Shell cut its net carbon intensity targets.

Petitions committee as leader: We maintain that the Petitions committee should lead on planning the scope and format of this summit. The Senedd has a clear precedent for investigating non-devolved matters that impact the Welsh public. For example, the Culture and Communications Committee previously produced an influential report and recommendations for S4C, despite broadcasting being a reserved issue. Given that public pensions involve billions in Welsh deferred wages and directly affect our long-term climate resilience, we believe this issue merits the same proactive leadership. We urge the Committee to start the process of defining this summit's scope to ensure our investments align with the Well-being of Future Generations Act.

We look forward to your response,

Kind Regards,

Heather Bolton, Divest Gwynedd