

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY THE CONNETABLE OF ST. BRELADE  
QUESTION SUBMITTED ON MONDAY 14th JUNE 2021  
ANSWER TO BE TABLED ON MONDAY 21st JUNE 2021**

**Question**

Given the Island's aspirations towards carbon neutrality, will the Minister advise –

- (a) what the present weighting of the States' portfolio is in hydrocarbon-based investments;
- (b) whether there will be a strategy developed to withdraw from any such investments; and
- (c) what the estimated loss of revenue is of withdrawing from any hydrocarbon-based investments?

**Answer**

Due to the broad definition of hydrocarbon the Minister has assumed that the Connétable is referring to natural gas, crude oil and coal, commonly known as fossil fuels.

- a) As at 30<sup>th</sup> April 2021 (the most recently audited date) the total value of the Common Investment Fund ("CIF") was £4.1 billion. Approximately 0.7% (£28.7 million) of the CIF is invested in the energy sector (i.e. fossil fuel extracting companies) through the Equity pool. This compares favourably to the benchmark MSCI World Index (i.e. is lower) which has an allocation of approximately 3.3%.
- b) The Minister's approach to acting as a socially responsible investor is detailed on pages 8 to 10 of the States of Jersey Investment Strategies which is available to all States Members and the public. <https://statesassembly.gov.je/assemblyreports/2021/r.7-2021.pdf>
- c) It is difficult to estimate the "loss of revenue" from excluding fossil fuel stocks from the portfolio as that is effectively attempting to forecast future investment returns. Enforced divestment from Energy related sectors reduces the available universe of stocks and investment managers which the Minister can select, this is likely to have negative consequences from both an investment performance perspective and for the diversification of risk.

Whilst only £28.7 million of funds is held in fossil fuels, due to the pooled nature of the investment manager portfolios, full divestment would be required. This would involve removing investment managers who hold approximately £500 million of funds on behalf of the States and sourcing new managers for the Equity pool.