

**LOCAL PENSION COMMITTEE – 26 NOVEMBER 2021**

**AGENDA ITEM 7 – RESPONSIBLE INVESTING UPDATE**

**Representations Received from Climate Action Leicester and Leicestershire**

I'm writing on behalf of the Climate Action Leicester and Leicestershire Pension Group. It was very good to hear you express such clear concern about the climate crisis at your September pension committee meeting. We're so pleased you will be discussing your investments in relation to climate change at your meeting on the 26<sup>th</sup> November.

As you know Climate Action Leicester and Leicestershire's Pensions Group, would like to see Leicestershire LGPS stop investing in fossil fuel companies. Please can we make the following points for you to think about before and during this discussion.

1. According to the IPCC scientists, the world has about 5-10 years left to massively reduce its carbon emissions if we are not to be tipped into catastrophic climate change which will devastate pensions holders and non-pension holders alike in the coming decades.
2. Fossil fuel companies are not only producing the majority of the world's carbon emissions, they are also deliberately lobbying and acting to prevent action on the climate crisis. They need to reduce production swiftly and steadily over the next 5-10 years if the world is to stand any chance of not being tipped into catastrophic climate change, but they are not doing this – and at this stage actions rather than words are needed.
3. Fossil fuel companies are getting ever better at greenwashing themselves, but the reality is that engaging with them to stop producing oil, gas and coal does not seem to be working fast enough, if at all. They are still exploring and opening up new sites for development even though they know that the sites already in operation are sufficient to push the world beyond its tipping point.
4. Given the urgency of the climate situation, your pension fund policy of engaging with them for positive action is not working quickly enough to tackle climate change. Indeed, by continuing to invest in fossil fuel companies, pension funds give social licence and moral support to fossil fuel companies to continue causing carbon emissions.
5. Regulation of fossil fuel companies both by the UK, and by the UN as a whole, does have the capacity to force the swift change in fossil fuel production which is necessary. By formally divesting your funds from fossil fuels and calling on the UK government to stop subsidising and supporting the fossil fuel industry and instead push for international fossil fuel regulation, you could make this more likely to happen.

6. The fossil fuel divestment movement is growing rapidly. Only yesterday (26<sup>th</sup> Nov) 72 faith institutions, including 37 from the UK, announced their divestment from fossil fuels: <https://brightnow.org.uk/news/global-faith-divestment-announcement-cop26/> By divesting, and making a statement about why you are divesting, you could have a far more positive effect than by continuing to engage with fossil fuel companies and in the process giving them financial and social licence to continue causing climate change.
7. Due to the shift towards renewable energy, fossil fuels are no longer a good investment. From a financial perspective as a pension fund, it would do you no harm and might be beneficial to shift the 3.7% of your fund which you currently have invested in fossil fuel companies to renewable energy production instead. This would both fit with your fiduciary duty and support the County Council's aim of reducing its carbon footprint.

We attach a well referenced document for you with more detail about the evidence of engaging with fossil fuel companies, fiduciary duty and fossil fuel divestment. We hope it will help to inform the debate. Please read it before the meeting on the 26<sup>th</sup> November.

We'd welcome the chance to talk with you as an individual about the Pension Fund's position on engagement rather than fossil fuel divestment. Please do get in touch if you'd like to meet.