

Steps to ask your Pension fund to divest from fossil fuels

Based on The Guardian article: <https://www.theguardian.com/money/2015/may/09/how-get-pension-fund-divest-fossil-fuels>

STEP 1

Find out who to contact: “if you work in local government or in the private sector, then part of your pension is almost certainly invested in coal, oil and gas companies.

If this is you, then ask your employer for the email address of the trustee of your pension scheme. In some schemes, these may come under the title “convenor” or “chair of the scheme”. If you work for a small company, however, you are unlikely to have a trustee – but you should still ask your employer for the point of contact for your pension scheme.”

STEP 2

Check to see if your pension fund is listed with the Asset Owners Disclosure Project: “Asset Owners Disclosure Project (now part of Share Action) “The AODP Pension Index assesses the world’s largest pension funds – rating them from AAA through to X grade – on how well they are managing climate risk.” The search list is at http://aodproject.net/pension-funds-index/?wdt_column_filter%5B5%5D=Pension

The Transition Pathway Initiative also has a search facility to find the TPI score for a company, and details of why that can be used for share holders questions.

<http://www.lse.ac.uk/GranthamInstitute/tpi/>

STEP 3

Send a letter to the Trustee or fund manager: A template from the Guardian is attached.

STEP 4

If there is no Divested ethical option ask when there will be one. (note ‘ethical’ can sometimes still include fossil fuel).

New legislation is being considered by the Government. It plans to clarify legislation around:

- Consideration of broader long term financial risks
- Pension schemes ability to consider members’ non financial or **ethical concerns**
- The role of engagement alongside voting as an important aspect of stewardship of pension scheme assets”

STEP 5

Publicise response amongst other members of the fund and follow up as suggested overleaf.

Join **Share Action** to help with their share owner campaigns. <https://shareaction.org/what-we-do/>

Dear

I am concerned about the real threat posed by climate change, and believe it is morally and financially misguided to invest in companies dedicated to finding and burning more oil, gas and coal.

As the trustee/investment manager of my pension fund, I would appreciate it if you could provide some answers and guidance on this issue.

- How much of our pension fund is invested in companies involved in the extraction of fossil fuels?
- What options, if any, do I have to ensure my pension fund money is not invested in fossil fuel companies?
- If there are no current fossil fuel-free options, will you seek to offer members such an option in future? I note that several organisations, such as FTSE and MSCI, already offer indices which are ex-fossil fuels.
- Will the pension scheme commit to moving our investments out of fossil fuels? I would like our fund to commit to divesting from the top 200 fossil fuel companies within five years and to immediately freeze any new investments in those companies. I am concerned about the financial risks of investing in fossil fuel companies which are likely to be forced to leave their existing reserves in the ground. Indeed, I see that in recent years pension funds that have divested from fossil fuels have financially outperformed those that remain invested in fossil fuels.
- If the pension fund will not commit to divestment, will it consider reducing the carbon exposure of the fund?
- Are there any plans to increase investment by the pension fund to help facilitate a low carbon economy?

I look forward to hearing from you.

Signature and Name

Note. This letter is based on a template from the Guardian
<https://www.theguardian.com/money/2015/may/09/how-get-pension-fund-divest-fossil-fuels>

HELPFUL POINTERS FOR NEGOTIATION Mission Pension Power - Share Action

https://shareaction.org/2017-highlights/?utm_medium=email&utm_source=sactionlive&utm_content=1+-plenty+more&utm_campaign=fundraising&source=fundraising

The people managing your retirement savings are used to speaking with other people who work in the investment system. They're not used to hearing from ordinary savers. They can easily slip into using excuses and language that they think will go over your head. Let's make sure that doesn't happen and everyone gets what they came for.

Excuse... "all the power regarding specific investment decisions is with the investment managers"

"The investment of your pension savings is managed by our investment managers who have the discretion to manage these funds on our behalf. We expect our investment managers to make investment decisions taking into account all relevant factors. We run two ethical funds if you are interested in moving to one of those."

How you can respond:

Yes, we respect that our investment managers should have responsibility and control on day-to-day decisions. However, you get to appoint the investment managers and decide the framework in which they operate. You have the power to set the strategy that they follow.

Excuse... "we're already doing so much to address climate change risk"

"We are signatories to the UNPRI, signatories to the Carbon Disclosure Project, members of the Institutional Investors Group on Climate Change and our new building has LED lighting. Our CEO has spoken at 3 climate change conferences this year and takes this issue very seriously."

How you can respond:

It's great that you've made progress on this issue and are taking it seriously. It would be great to see specific action in terms of our investments to reduce their impact on climate change. Can you set positive targets to reduce our fossil fuel holdings, divest from coal, invest in renewable technologies?

Excuse... "we have to act in the interests of all our members"

"The trustees have considered our policy on investing ethically a number of times in recent years. The conclusion from our legal advice was that there is an obligation on pension funds to act in the interests of all their members. The range of views among our members would make it impossible for us to take action on any one moral viewpoint."

How you can respond:

Yes, it's important that all members' views are considered. An increasing number of pension schemes have committed to survey their members on their key views, in order to give them a basis for making such decisions. Would you be happy to do the same?

Excuse... "we have to ensure a financial return by law"

"Our primary aim must be to ensure full retirement income for all our members – so financial returns are primary and must be by law. We have worked with our investment managers to create a range of funds which have the necessary risk-return profile to fulfil our legal duty."

How you can respond:

The Law Commission's advice last year recommended that trustees of pension schemes are free to consider all factors which affect the financial performance of a fund, such as ESG and macroeconomic issues. In addition, investing in non-fossil fuel companies would have delivered a better return for us in recent years. Last year the Fossil Free Indexes US (FFIUS), a stock market index excluding top fossil fuel companies outperformed the S&P 500 by 1.5%.

Excuse... "involving people would be very expensive"

"Surveying our members and holding an Annual Member Meeting sounds very expensive, we want to keep admin fees down, for the benefit of all our members. We pass on all information our members already raise to our investment managers and expect them to make an informed decision."

How you can respond:

From our experience with other schemes, better involving people isn't very expensive and really improves their relationship with pension scheme staff. This could improve the motivation and productivity of your staff, actually saving you money.

Excuse... "responsible investment is very complicated"

"It's very complicated. We are in the process of reviewing our RI policy. We hope to have a final version available by early next year and can come back to you then."

How you can respond:

The Environment Agency have just released a guide for implementing responsible investment, we can share this with you and could offer more support from our expertise at ShareAction. Our experience is that once you get started it becomes much easier. How about a first step to support spreading progress on Living Wage?