Dear

**Devon Local Government Pension Scheme (Peninsula Pensions)**

Would you please make some enquiries on my behalf from the Devon Pension Fund committee, which I believe is constituted from Devon County Councillors?

I am very concerned that the investment of Devon Pension funds will have a negative effect on all citizens, particularly younger generation, if they are invested in continued fossil fuel exploration, production and distribution. (If applicable: I am a member of/I am receiving a pension from Peninsula Pensions)

In 2018 a change in UK law required pension schemes to take account of environmental and social risks when they make investment decisions on behalf of savers. The risks attending climate change are already substantial even in this country, as we have seen from the drought and reduced harvests in East Anglia in 2018 and the floods we are now experiencing in most years. (Add here a personal statement that I wish my pension fund to do no harm/be invested ethically etc)

Further, there are compelling financial reasons for avoiding investments in fossil fuels. Morgan Stanley’s research[[1]](#endnote-2) shows that over the last decade, performance of funds which exclude that category have performed better than those which included it, and this is confirmed by a report of the Institute of Energy Economics and Financial Analysis (IEEFA) on Black Rock[[2]](#endnote-3), the world’s biggest investor, which it is estimated lost $90 million through retaining the shares of fossil fuel companies.

In the light of the retiring Governor of the Bank of England, Mark Carney’s comments that investment funds should factor in the risk of fossil fuel investments becoming stranded assets, can you please ask the Devon Pension Fund Committee what steps they are taking to remove these risks?

I am aware that the Devon Pension Fund is being transferred to Brunel Pension Partnership, but it says in their ‘Addressing Climate Change Position Statement’ that client partner funds retain responsibility for Strategic Asset Allocation and investment strategy.

The Pension Fund Committee has argued in the past for engagement with fossil fuel companies to improve their operations rather than divestment. The historical record over the last few decades suggests that ‘engagement’ with fossil fuel companies has been entirely fruitless, since the proportion of their investments going to renewable energy is insignificant, and these companites are unlikely to abandon their core business. They continue to explore for further reserves and to develop existing reserves, much of which is unburnable if the Paris goal to restrict climate change to 2 degrees is to stand a chance of being achievable, let alone 1.5 degrees. As you may know tipping points are being passed. Emissions of methane and other greenhouse gases have increased dramatically in 2019 as measured at one location, Barrow in Alaska, methane having more than doubled in the last 6 months.

If engagement is still a policy accepted by the Devon Pension Fund, it is relevant to note that divestment and engagement are not opposed policies but complementary. To engage with companies (for example in sectors such as electricity generation or transport where there are alternatives to fossil fuels) a clear statement is required on what change is expected, and what course of action the investor will follow if change does not occur. Could you please let me know what changes are Devon Pension Fund expecting from fossil fuel production and distribution companies in which they have investments, and by what date? Are they proposing a credible intention to divest if these targets are not met?

An alternative possibility would be for the Devon Pension fund to indicate to the fund managers that they wish to end investment in direct fossil fuel production and distribution and to invest in funds which exclude these, if this choice is available from Brunel Pension Partnership, bearing in mind that such funds have had a better performance in recent years

I would be very grateful if you are able to obtain answers to these questions from the Pension Fund Committee.

Yours sincerely

1. www.msci.com/documents/10199/d6f6d375-cadc-472f9066-131321681404 [↑](#endnote-ref-2)
2. http://ieefa.org/wpcontent/uploads/2019/07/Inaction-BlackRocks-BiggestRisk-During-the-Energy-Transition\_August-2019.pdf [↑](#endnote-ref-3)