Template letter to Pension Fund

Dear

I am a member of…..Pension Scheme

I am very concerned that investments on my behalf may have a negative effect on myself, my family and particularly on younger generations/grandchildren etc., if they are invested in continued fossil fuel exploration, production and distribution.

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 investment in fossil fuel production and distribution. Recent performance of funds which exclude that category have performed better than those which included it [[1]](#footnote-2). A report of the Institute of Energy Economics and Financial Analysis (IEEFA) states that Black Rock, the world’s biggest investor, lost an estimated $90 million through retaining the shares of fossil fuel companies.[[2]](#footnote-3) Moreover there is a risk that fossil fuel shares will fall in value if there are significant government measures to limit climate change.

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 tell me what steps the Pension Scheme’s investors are taking to remove these risks.

Many funds argue that they prefer engagement to divesting. The historical record over the last few decades suggests that ‘engagement’ with fossil fuel companies has been entirely fruitless since these companies are unlikely to give up their core business. If engagement is the policy of this pension scheme, please could you let me know what changes are being requested from fossil fuel major companies and by when? Are they proposing a credible intention to divest if these targets are not met? If such engagement is not taking place could you tell me what steps are being taken to ensure divestment from this sector?

I look forward to hearing from you

Yours sincerely

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