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Cllr Gerard Fox
ESCC Pensions Committee
County Hall
Lewes

29th July 2020
Dear Cllr Fox,

Pension fund divestment from fossil fuel industries

I am writing following a meeting of Peacehaven Town Council on 28th July 2020. At that meeting the Council discussed the matter of Pension fund divestment from fossil fuel industries.

You will be aware that Lewes District Council asked the Pension Committee in early 2019 whether the ESCC Pension Fund could be divested from fossil fuels, both to accelerate the move to zero-carbon energy and to protect our employees' pensions from the losses that the sector is likely to face during the clean-energy transition.

The Committee's response at that time was that:

- simply disinvesting from a particular asset class or group of companies is likely to reduce the Fund's ability to secure the best realistic return over the long-term
- such an approach denies the opportunity for the Fund to influence companies' environmental, human rights and other policies by positive use of shareholder power, a role the Committee takes very seriously
- but that the Committee has reserved the right to apply ethical or environmental criteria to investments where relevant and appropriate on a case by case basis.

Since that request, Peacehaven Town Council, Lewes District Council and East Sussex County Council have declared climate emergencies. And, critically, the coronavirus crisis has both increased our employees' dependency on the pensions that they have accrued, and dramatically increased the risk of investment losses from the fossil fuel sector. We therefore believe that now is the right time for the Committee to exercise its right to apply environmental criteria to its investments.

However, we do also recognise the opportunity for the Fund to influence companies' environmental policies by positive use of shareholder power. Thus we would like the Committee to make use of its position as a shareholder to put pressure on fossil fuel companies to change their business models to align with the Councils' own climate-change commitments

Therefore, Peacehaven Town Council are formally requesting that the Pensions Committee:

1. **Immediately freeze any new investment in the top 200 publicly traded fossil fuel companies**
2. **Ask all fossil fuel companies in which the pension fund holds investments for a firm commitment to entirely decarbonise by 2030; and**
3. **Commit itself, over the course of the next 4 years, to divest the East Sussex Pension Fund from any investments in companies that do not provide that commitment by March 2021.**

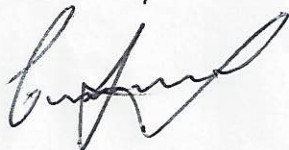
In making this request we note that:

- the Fund's responsible investment policy already says that: "Ultimately the Fund will always retain the right to disinvest from certain companies or sectors in the event that all other approaches are unsuccessful and it is determined that the investment is no longer aligned with the interests of the Fund or that the issue poses a material financial risk."¹
- the East Sussex Pension Committee has accepted the "best practice guidance" of the Local Authority Pension Fund Forum that "The Fund's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement".²

As a result, we would not anticipate this request to encounter opposition from the Committee.

Please can you confirm that you will include consideration of the Council's requests above at your next meeting and provide a response thereafter.

Yours sincerely



Councillor Claude Cheta

Mayor, Peacehaven Town Council

¹ <https://www.eastsussex.gov.uk/media/12836/investment-strategy-statement-2019.pdf>

² <https://divesteastsussex.wordpress.com/questions-answers-at-esccs-full-council-meetings/>