

## **COUNTY COUNCIL – 13 OCTOBER 2020**

### **QUESTION FROM MEMBERS OF THE PUBLIC**

Note: Questions 1 to 39 relate to the East Sussex Pension Fund exposure to fossil fuel investments, the response to climate emergency and related issues. The answer to these questions is set out after question 39 below

#### **1. The same or similar questions were asked by:**

**Jane Wilde, Eastbourne, East Sussex**  
**Alison Henshall, Hastings, East Sussex**  
**Shona Maters, Crowborough, East Sussex**  
**Alison Cooper, St Leonards on Sea, East Sussex**  
**Daniel Hope, St Leonards on Sea, East Sussex**  
**Tessa George, Lewes, East Sussex**  
**Kate Christie, Forest Row, East Sussex**  
**Katherine Beaven, Forest Row, East Sussex**  
**Sally Phillips, Hastings, East Sussex**  
**Sophie Larsen, Lewes, East Sussex**  
**Ralph Hobbs, Hastings, East Sussex**  
**Philippa Hislop, Lewes, East Sussex**  
**Michael Studd, St Leonards on Sea, East Sussex**  
**Lucy Martin, Forest Row, East Sussex**  
**Julia Jason, Forest Row, East Sussex**  
**Esme Needham, Hastings, East Sussex**  
**Carol Mills, Eastbourne, East Sussex**  
**David Stopp, Eastbourne, East Sussex**  
**Mark Engineer, Barcombe, East Sussex**  
**Anthony Hack, Hastings, East Sussex**  
**Nicole Healing, Hove**  
**Nic Carter, Hastings, East Sussex**  
**Michael Bernard, Bexhill on Sea, East Sussex**  
**Ian Sheard, Battle, East Sussex**  
**Charmain Love, Brighton**  
**Iveta Bannister, Ripe East Sussex**  
**Veryan Young, Brighton**  
**Lynda Russell, St Leonards on Sea, East Sussex**  
**Frances Witt, Lewes, East Sussex**  
**Neal Young, Brighton**  
**Michael Cope, Bexhill on Sea, East Sussex**  
**Susan Churchill, Hastings, East Sussex**  
**Matthew Chell, Peacehaven, East Sussex**  
**Fiona MacGregor, St Leonards on Sea, East Sussex**  
**Marion Clarke, Brighton**  
**Jane Wigan, St Leonards on Sea, East Sussex**  
**Robert White, Eastbourne, East Sussex**  
**Felicity Goodson, Eastbourne, East Sussex**  
**Barbara Echlin, Bexhill on Sea, East Sussex**

Andrea Needham, Hastings, East Sussex  
Ting Plaskett, Eastbourne, East Sussex  
Caroline Donegan, Ticehurst, East Sussex  
Nicola Gardner, Brighton  
Mary-Jane Wilkins, Lewes, East Sussex  
Roz Price, Brighton  
Adrian Briggs, Lewes, East Sussex  
Carol Turner, Eastbourne, East Sussex  
Brendan Clegg, Crowborough, East Sussex  
Anne Duke, Ringmer, East Sussex  
David Duke, Ringmer, East Sussex  
Darren Dowd, Lewes, East Sussex  
Tim Rabjohns, Rodmell, East Sussex  
Polly Charlton, Brighton  
Anna Hope, Forest Row, East Sussex  
Melissa McClements, Brighton  
Tom Wright, Brighton  
John Dugdale, Hastings, East Sussex  
Leonie Guest, St Leonards on Sea, East Sussex  
Gaby Weiner, Lewes, East Sussex  
Susan Murray, Lewes, East Sussex  
Sue Fasquelle, Lewes, East Sussex  
Fiona Le Garsmeur, Brighton  
Joan Coffey, St Leonards on Sea, East Sussex  
Janee Swan, Ditchling, East Sussex  
Richard Moore, Lewes, East Sussex  
Kate Edmonds, Alfriston, East Sussex  
Esme Waldron, Bevendean  
Cornelie Usbourne, Maynards Green, East Sussex  
Angela Lynn, Brighton  
Jane Munro, Winchelsea Beach, East Sussex  
Adam Rose, Eastbourne, East Sussex  
Ruth Bryant, Lewes, East Sussex  
Ursula Pethick, Robertsbridge, East Sussex  
Hugh Dunkerley, Brighton  
Julia Waterlow, Lewes, East Sussex  
Duncan Armstrong, Lewes, East Sussex  
Sarah Macbeth, St Leonards on Sea, East Sussex  
Melanie Jarman, Lewes, East Sussex  
Ann Macbeth, St Leonards on Sea, East Sussex  
Denis Macbeth, St Leonards on Sea, East Sussex  
Ann Holmes, Lewes, East Sussex  
Clair Duc, Lewes, East Sussex  
Serena Penman, Lewes, East Sussex  
John Enefer, Hastings, East Sussex  
Gabriel Carlyle, St Leonards on Sea, East Sussex  
Anne Rouse, St Leonards on Sea, East Sussex  
Erica Smith, St Leonards on Sea, East Sussex  
Margaret Fletcher, Seaford East Sussex  
Sheila O'Sullivan, Lewes, Est Sussex

**Richard Pike, Forest Row, East Sussex**  
**Benjamin Diss, Brighton**  
**Judith Knott, Lewes, East Sussex**

On 13 October 2019 East Sussex County Council (ESCC) declared a 'climate emergency'. But it continues to act as though it has all the time in the world to address this crisis.

It doesn't.

From cyclones in Mozambique to fires in California we are already witnessing the deadly impact of 1°C of global warming. Failure to limit this warming to 1.5°C will lead to even more calamitous impacts, especially for the world's poorest people. Indeed, the UN Intergovernmental Panel on Climate Change projects that going from 1.5°C to 2°C could mean several hundred million more people being exposed to both climate-related risks and poverty.

But limiting global warming to 1.5°C will require dramatic cuts in carbon emissions over the next ten years.

Time is running out.

Since declaring a 'climate emergency' ESCC has continued to reject calls to divest the East Sussex Pension Fund from fossil fuels (oil, coal and gas), preferring instead to continue with a seemingly-endless policy of 'engaging' fossil fuel companies.

Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway\*?

Can the chair of the East Sussex Pension Committee give a single example of an oil or gas major that is currently aligned with a 1.5°C pathway\*?

And – given the rapidly shrinking window for action - when will the Fund divest from those oil and gas companies that fail to align themselves with a 1.5°C pathway\*?

\* By a 1.5°C pathway we mean one that: (a) yields a 50% or better chance of keeping global warming below 1.5°C; and (b) does so without assuming the future creation of global scale 'negative emissions technologies' (ie. ones that remove carbon dioxide from the atmosphere) that don't currently exist.

## **2. Question from Jessica Denison, Newhaven, East Sussex**

Does the ESCC accept that burning fossil fuels is a key driver of global warming?

Does ESCC accept that the big fossil fuel companies are not demonstrating active commitment to cut carbon emissions and keep global warming below 2°C (ideally not more than 1.5°C) as per the Paris Climate Agreement?

I believe that ESCC and the individual councillors have a responsibility to take courageous action - to demand positive and responsible behaviour and demonstratable commitment from its partners and suppliers. How does the 'climate emergency' declaration show up in action?

Will ESCC commit to stopping the investment of the East Sussex Pension Fund monies in fossil fuel companies that are fail to align themselves with a 1.5°C pathway? When and how can the Fund divest from those oil and gas companies?

\* By a 1.5°C pathway we mean one that: (a) yields a 50% or better chance of keeping global warming below 1.5°C; and (b) does so without assuming the future creation of global scale 'negative emissions technologies' (ie. ones that remove carbon dioxide from the atmosphere) that don't currently exist.

### **3. Question from Poppy Manley, Brighton**

Why in the name of planet Earth is the council investing in fossil fuel companies? The council has declared a climate emergency and yet is still investing in companies that are causing the climate emergency. This is not on. I do not want my pension money funding the destruction of my future. When are you going to divest?

### **4. Question from John Clutterbuck, Forest Row, East Sussex**

What are the alternatives for the companies involved in fossil-fuels extractions in Sussex, without simply having to close and what measures could be proposed to compensate these companies if we are to persist with the recommended reductions in CO2 emissions and stay on target?

### **5. Question from Chryso Chellum, Lewes, East Sussex**

What steps are you taking to divest from the fossil fuel companies that are driving the climate crisis in light of the climate emergency that the ESCC has declared? (Please clarify the timeline you are working to in accordance with the IPCC - 2018 forecast)

### **6. The same or similar questions were asked by:**

**Charles Secrett, Brighton**  
**Tony Collins, Brighton**

When will the Council divest from investing in all fossil fuel companies, and phase out their products from use by switching to low-zero carbon alternative products, in response to the worsening climate crisis and to help enact your own 'Climate Emergency' Declaration, made on 13th October 2019?

### **7. Question from John Hopkinson, Eastbourne, East Sussex**

What will the Council do to ensure that companies and corporations – who are concerned not with ecological disaster but with acquiring profits by whatever means

– take seriously their responsibilities to humanity and the planet by responding to the Council's declared climate emergency?

#### **8. Question from Amanda Jobson, Hastings, East Sussex**

Why are you still investing in dirty fossil fuels in East Sussex when we are in a climate emergency?

You have a responsibility to your residents and community to divest in fossil fuels and start investing in cleaner renewable energy therefore if you are a responsible council you must consider our future especially for the next generation of young people.

#### **9. Question from Tony Harris, Brighton**

If your investments could be shown to be directly promoting the spread of Covid 19 would you continue with them? In fact, investing in fossil fuel companies directly contributes to the climate crisis which scientists say will kill billions if not addressed immediately. How can you justify continuing to invest in this way despite this knowledge?

#### **10. Question from Gary French, St Leonards on Sea, East Sussex**

Reported yesterday that even a 2 degree celsius pre industrial revolution rise in temperatures will lead to catastrophic sea level rises of at least 2.5 metres by end of century. We live in a coastal town, how would you explain your decision not to divest from fossil fuels now to the towns schoolchildren (including my 6 and 8 year olds) who will live through this disaster? Is it really worth a tiny bit more % profit than investing in something else

#### **11. Question from Sonya Baksi, Lewes, East Sussex**

I am a fellow of the Royal College of Paediatrics and Child Health. With the health of children in mind our college has chosen to divest from fossil fuel companies. Would East Sussex County Council follow suit and divest the Pension Fund from such?

#### **12. Question from Claire Bessel, Brighton**

I request that you dedicate a working group that has the sole purpose of putting forward only proposals that are fully in line with averting the climate emergency which the council has declared and which pave the way for East Sussex to align ourselves with the goals of the Paris Climate Agreement. I believe you already have the details of what that means so i will not outline them here.

#### **13. Question from Kathleen Kane, Lewes, East Sussex**

Thank you for declaring a climate emergency.  
I applaud this statement. Please don't let this be a bit of 'green washing' please follow up with the urgent action the situation requires.

Please share with us the actions you are taking....with all the difficulties we are experiencing this year it would give us some hope if we could see positive action  
Please could you let me know what you are doing to:

- withdraw any investments which support the fossil fuel industry.
- invest in renewables, support biodiversity and quality environments for humans and nature. (Please do something about pollution ....air and noise.)
- provide a less toxic education system which supports resilience and creativity over stressful sausage factory exam success/ failure.

#### **14. Question from Susan Burton, Battle, East Sussex**

Could East Sussex County Council explain how they intend to reduce investment into fossil fuel companies and the timescales for doing this?

#### **15. Peter Aeberhard, Seaford, East Sussex**

On 13 October 2019 East Sussex County Council (ESCC) declared a 'climate emergency' Given it is an emergency, surely it is incumbent on the council to take immediate and comprehensive action on behalf of its citizens. Just like any successful and powerful business, the fossil fuel industry looks to protect its profits by lobbying and promoting the very use of fossil fuels we need drastic action to curb. Therefore, is there not an obvious and direct conflict of interest for the council to continue investing funds from the East Sussex Pension Fund into these companies? Is attempting to engage constructively with this industry not like trying to persuade turkeys to vote for christmas?

#### **16. Question from Les Gunbie, Brighton**

On 13 October 2019 East Sussex County Council (ESCC) declared a 'climate emergency'. But it continues to act as though it has all the time in the world to address this crisis.

Since declaring a 'climate emergency' ESCC has continued to reject calls to divest the East Sussex Pension Fund from fossil fuels (oil, coal and gas), preferring instead to continue with a seemingly-endless policy of 'engaging' fossil fuel companies.

When will the Fund divest from those oil and gas companies that fail to align themselves with a 1.5°C pathway?

#### **17. Question from Tim Beecher, Brighton**

The fact we are in a Climate Emergency and witnessing the annual, increasingly severe climate disasters around the world, mass extinction crisis and losing a habitable planet for humans, do you not think it is time to divest from fossil fuels? After all it is rank hypocrisy to declare a Climate Emergency, then not act on it and continue to actively support the drivers of catastrophic climate change. Can we not invest in the emerging renewables, off-grid heat pump networks, smart grids, and Retrofit building industries, the very things we need to transition to and create more new jobs?

There are no fossil fuel companies that are planning for a max 1.5degrees C pathway which is required by the Intergovernmental Panel on Climate Change. We need everyone to do the right thing now, including East Sussex County Council!

**18. Question from Joanne Rigby, Seaford, East Sussex**

On 13 October 2019 -ESCC declared a climate emergency- an emergency requires immediate action- yet you still continue with pension investments in fossil fuels. Preferring instead to continue with endless policy of engaging with fossil fuel companies which we know are causing Ecocide. Can the Chair of East Sussex Pension Committee give a single reason why this has not been given 'immediate' attention and action?

**19. The same or similar questions were asked by:**

**Denzil Jones, Lewes, East Sussex**  
**Dirk Campbell, Lewes, East Sussex**  
**Jane Carpenter, Lewes, East Sussex**

Given that ESCC declared a climate emergency in October 2019, why does their pension fund continue to invest in fossil fuel companies?

**20. Question from Sally Attwood, Lewes, East Sussex**

How can the ESCC Council claim to be active in supporting measures to tackle the Climate Emergency, which is has acknowledged does exist, when it continues to invest in companies, such as those exploiting fossil fuels, that worsen the climate emergency? What actual steps is our Council prepared to start taking now?

Other parts of our world are already paying an overhigh price, in terms of floods, hurricanes, landslips etc. I saw this all too vividly when I was in Malawi as a volunteer in 2014/15 when they experienced the worst floods in a generation, after a prolonged period of drought. We only feel this marginally, but it will get worse, if we do not act, starting now - not 2030, 40, 50 etc

If ESCC has been using our money, in our pension funds, to put pressure on those companies who are not accepting the dangers of a 1.5 degree increase in world temperature, it does not appear to have led to results. Will ESCC commit to disinvest from such companies from now?

**21. Question from Michael Ryan, St Leonards Warrior Square, East Sussex**

In view of the continuing rise in the cost benefit superiority of renewable energy over the declining asset of fossil fuels such that even BP has recognised that this is the wave of the future, does it not make hard investment sense to defund fossil fuels in favour of the former? This will also bring it now in line with the ever -growing government recognition of this very urgent necessity?

## **22. Question from Arnold Simanowitz, Lewes, East Sussex**

In reply to questions about divesting from fossil fuels the Chair of the Pension committee repeatedly relies on the need to protect the fund's investments. Given that pension funds far larger than that of ESCC have divested without damaging their investments and indeed in most case increasing their value, that BP has recently-announced write-down of \$17.5bn of its oil and gas assets, that Shell has cut its quarterly dividend by 66 per cent, a move that according to commentators leaves millions of investors as well as savers in pensions and equity income funds suddenly poorer, that peak demand for fossil fuels is rapidly approaching (and according to BP may have passed) and that most financial commentators are seriously warning that investments in fossil fuels could soon become wasted assets, the Chair can no longer hide behind that excuse. Can he therefore now give the real reason behind the Committee's refusal to divest which appears to be purely ideological?

## **23. Question from Dean Robinson, Hastings**

What is the East Sussex Pension Committee doing to protect the environment, and our citizens from global warming?

Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway?

## **24. Question from Ruth Buckingham, Heathfield, East Sussex**

Please divest from using Fossil fuels for your Pensions Fund. We have a Climate Change Crisis. It is so damaging to our Planet, our home, the rest of the World, devastating other countries and the terrible effects on Wildlife. It is, morally wrong to continue using these. Time is running out. We all need to take action now. Do you listen and see to David Attenborough's programmes to realise how serious this is. You owe it to all future generations.

## **25. Question from Anna Newington, St Leonards on Sea, East Sussex**

Last October East Sussex County Council declared a climate emergency. How come ESCC still invests in fossil fuel companies when you acknowledge that we need to cut carbon emissions drastically right now?

## **26. Question from Dinah Pryor, Seaford, East Sussex**

Why is our County Council still contributing to carbon production, having declared a 'climate emergency'? And why is ESCC not investing its pension fund in a green recovery rather than continuing to invest in fossil fuels? Can they explain why they think they have time to engage these old carbon emitting companies when there are so many new and unambiguously 'green' alternatives and the world is 'on fire'.



## **27. Question from Peter Newell, Kingston, East Sussex**

Can the council please spell out the specific conditions in which they would agree to divest from fossil fuels?

The evidence is now uncontestable that the vast majority of the world's remaining fossil fuels need to remain in the ground if catastrophic global heating is to be avoided. This has been underscored by the IPCC, by the UN [Production Gap report](#) and there are mounting calls for a [fossil fuel non-proliferation treaty](#). We also know that business responses so far fall well short of what is required, including from work done at [Sussex University](#).

The question of whether to divest should have been settled long ago. The only question is when? If not now, given the climate emergency, as declared by our own government, when will this council make this move?

## **28. Question from Anthony Gordon, Heathfield, East Sussex**

Last October East Sussex County Council declared a 'climate emergency' but there is as yet no sign of the East Sussex Pension Fund taking steps to divest from fossil fuel (oil, coal and gas) industries.

The time to act is NOW not in some fuzzy future. The global temperature is rising inexorably as we approach a tipping point where it will become unstoppable. Evidence from around the world shows increasingly extreme weather events that are likely to be attributable to the ever-rising CO2 levels that result from burning fossil fuels. East Sussex is by no means immune from such events, and as they become more frequent throughout the planet's hotter latitudes the pressure of migration toward more northern latitudes will also continue to increase.

Aside from the ethics of blindly continuing to support climate-destroying industries, the funds that are invested there are at risk of becoming stranded assets, which will put at risk the future pensions of council staff.

## **29. Question from John Webber, Lewes, East Sussex**

I was relieved to see ESCC declare a Climate Emergency last October and had assumed that this would lead, amongst other actions, to their fully divesting their pensions from fossil fuel industries. However, it appears that their words have yet to be followed by actions that are consistent with this uncomfortable truth.

Does the council recognise that fossil fuel companies are still investing trillions of pounds in increased search and extraction that would make it impossible for the world to achieve the vital goal of limiting global warming to 1.5 degrees, a commitment signed by all governments in the 2015 Paris Climate agreement? If so, will they now agree to act immediately to withdraw their pension fund from such companies and invest in companies whose activities are consistent with this agreement?

### **30. Question from Geoff Robinson Hove**

I understand that ESCC have publicly stated they are committed to addressing the climate emergency. I also understand that the pension fund decision makers who allocate thousands of workers salary deductions into pension pots have not divested from dirty carbon polluting industries. I am aware that there are considerable profits in renewable energy companies - a) can you identify which businesses that are low carbon or net neutral in short term goals have been invested in and which polluters have been divested from?

Are pension decision makers putting our money where the publicly stated aim of recognising the climate emergencies mouth is? Or is this greenwash?

### **31. Question from Michael Turner, Hastings, East Sussex**

Last October you declared a climate emergency, so why are you still investing in fossil fuels for pension funds when all the evidence shows that climate wrecking oil based energy sources have absolutely no future.? Will you please divest away from your pension funds now, & demonstrate your commitment to deliver change by investing them in green energy & public transport?

### **32. Question from Mat McDonnell, St Leonards on Sea, East Sussex**

Do you think there are less hypocritical and legitimate investments ESCC could be making other than in fossil fuels?

### **33. Question from Samuel Jenner, Lewes, East Sussex**

On 13 October 2019 East Sussex County Council (ESCC) declared a 'climate emergency'. Since that date what plan has the Council put in place for the county to achieve net-zero emissions and by what deadlines? Is divesting the East Sussex Pension Fund from fossil fuels (oil, coal and gas) part of the plan and if so why not, as continued investment in Fossil Fuels over the next ten years would yield much less return than investment in renewable energy. If the Pension committee disagree where is the evidence for their position?

### **34. Question from Manuela McLellan, St Leonards on Sea, East Sussex**

A Life on our Planet' - David Attenborough's latest publication covering the Earth's 'great decline'.

'The natural world is fading. The evidence is all around. It has happened during my lifetime. I have seen it with my own eyes. It will lead to our destruction'.

Mark Carey has warned Pension Fund managers that fossil fuel investments would become 'worthless' over time (80% of coal assets will be stranded).

After reading those two statements, how can the Pension Fund invest in fossil fuels on a moral and financial basis?

### **35. Question from Nicky Bishop, Ashburnham, East Sussex**

Since declaring a 'climate emergency' last October, ESCC has rejected repeated calls to divest the East Sussex Pension Fund from fossil fuels (oil, coal and gas).

a) Does the East Sussex Pension Committee accept and understand that burning fossil fuels is the key driver of global warming?

b) Is ESCC aware that time is rapidly running out to achieve a 1.5°C limit on global warming? If not, why not? If yes, then why is ESCC doing nothing about it?

c) Is ESCC aware of the analysis by Oil Change International which concludes that 'not a single climate plan released by a major oil company comes close to aligning with the urgent 1.5°C global warming limit'. If not, why not? If yes, then why is ESCC doing nothing about it?

d) Given this conclusion, why is ESCC continuing with its policy of engaging with fossil fuel companies, when this engagement has so far been entirely ineffective? And what are the grounds for ESCC's belief that such engagement might prove to be effective in the very near future?

e) Is ESCC aware that negative emissions technologies which would remove carbon dioxide from the atmosphere don't currently exist outside the laboratory, and cannot be relied upon to get us out of trouble in the shrinking timeframe available to us?

f) Does ESCC accept that it is at best inconsistent for it to declare a climate emergency and at the same time to continue investing in the very same companies that are driving this crisis?

g) Does ESCC accept that acting in the best interests of its pension fund members includes safeguarding the future health of the planet for those members and their families? And if not, why not?

h) When will the Fund divest from those oil and gas companies that are fuelling global warming?

### **36. Question from Sylvia Matthews, Eastbourne, East Sussex**

It is time (overdue) to cease overriding the nature of planet Earth by changing gases in our atmosphere.

Oil burning must radically reduce towards a stop. The only sustainable source of reliable energy is the sun.

I plead with you to reinvest your pension funds as several enlightened Councils have done.

You could consider reinvestment in hydrogen fuel cell technology. With this the exhaust is . . . water. Absolutely harmless.

I'll add that electric cars with batteries can't succeed for all, because there isn't enough lithium on Earth to make enough batteries, they are very heavy, and what fuel can be used to charge the batteries?

**37. Question from Judy Scott, Hastings, East Sussex**

Why has the ESCC not removed pension funds from the oil companies that are destroying our precious planet?

**38. Question from Hilary Pogge von Strandmann, Ripe, East Sussex**

As an ESCC pensioner, I am far more concerned about mitigating against climate change (too late now to prevent) than achieving a possible more profitable investment via fossil fuels. Why do councillors not support the safety of the people of East Sussex, merely continuing to refer accountability and responsibility for the investment profile to the pension fund? Surely you are supposed to be acting for the common good?

**39. Question from Lynne Salvage, Hastings, East Sussex**

Why has the Chair chosen to align ESCC with other Councils who do not have a published Divestment phased action plan in place?

**Response by the Chair of the Pension Committee to questions 1 to 39 above**

East Sussex County Council (ESCC) is the administering authority for the East Sussex Pension Fund (the Fund), but the Fund is neither owned nor controlled by ESCC. Pension fund assets, which are earmarked for pension payments over the life of the fund, are ringfenced from 'Council Money'. There are more than 130 employers (of which ESCC is only one) and 78,000 members, whose pension payments will be funded by the scheme. The Fund's investment policy cannot be influenced by outside parties or by personal, political or moral beliefs. The Fund must seek to find a balance between its statutory and fiduciary obligations, and the views and interests of all of its member stakeholders. The East Sussex Pension Fund's (ESPF) principal fiduciary responsibility is to provide pensions to the Fund beneficiaries. To this end, it must have attention to adequate diversification of risk, limiting of fund volatility & provision of sufficient income from its holdings through dividends to pay the pensions.

Environmental, Social and Governance (ESG), and sustainability issues are not easily resolved matters for a pension fund. They require a thorough rationalisation of the investment approach and systematic management of risk, along with acknowledgement of the uncertainties that exist. Such decisions are best advanced in a methodical and balanced way. Climate and Sustainability are one of a number of significant risks faced by the Fund and the fund acts to mitigate all of its risks and has taken a number of specific actions to date to reduce the climate change risk borne by the pension fund and will continue to work hard in furthering the measures to reduce all risks. The burning of fossil fuels is well known as a key driver to climate change, however climate change risk for the Fund is much wider than just fossil fuel companies.

The Fund is frequently asked which oil and gas companies align with a 1.5°C pathway. The answer, according to the Transition Pathway Initiative, is that as yet only a handful of companies approach aligning their operations with the Paris 1.5-2°C zone. Nevertheless, the reality is that it is not just the oil and gas majors who are not currently aligned with a below 2°C pathway; most major economies and the majority of global companies are not currently aligned with Paris. This challenge is not specific to a single sector, it is a journey for all nations, companies and sectors. Some Governments have made distant emissions commitments, but most have yet to fill in the detail. There is a need for clarity from policy makers in order that sector transition pathways may be navigated, with further dialogue required between nations on how best to achieve this. In the interim, investors must assume that global economic growth will continue, accepting that 80% of the World's primary energy currently comes from fossil fuels and that an energy transition will unfold over the next 30-40 years. They have to evaluate the risks, reconcile them with their need to provide income to pay pensions, and engage with companies sectors to better align their operations. The Pension Committee have taken a number of actions reducing its exposure to fossil fuels, while the Fund's current favoured approach of investor collaboration has made substantial demonstrable progress in engaging with major companies to more seriously address the energy transition. In addition, the Pension Committee has commissioned detailed reports from Eiris on the carbon exposure of its equity funds, including the transition pathway of the underlying investments within them, to better understand at a portfolio level how the overall exposure of the Fund is transitioning; this will form the baseline measure for further actions the Fund is making in line with its Statement of Responsible Investment Principles.

The Fund does not directly invest in any specific company; instead it invests through a combination of holdings in passive index funds and active fund managers. As the owner of an index fund, we are passive recipients of the index and we can't pick and choose the constituents of the global or regional indices. Local Government Pension Funds and many other Pension Funds typically follow an investment model which includes a proportion of their equity exposure in passive index funds and it is within this passive exposure that the Fund is mainly exposed to fossil fuels as cited in many of the public questions presented to Full Council. Ordinarily, passive funds are viewed as a cheap and efficient way to gain global equity market exposure. But there is a fiduciary argument that, given the great uncertainties imposed by the energy transition, it would be better to gain market exposure by Active Managers who do extensive due diligence over the stocks held in their portfolios, or via recourse to funds which filter and weight sector holdings in favour of the most carbon and resource efficient entities. The ESPF has for some time consciously sought an underweight exposure to fossil fuel companies due to the uncertainties around the pace and direction of the energy transition. Up to 75% of the Fund's fossil fuel exposure has historically come via exposure to these passive index funds. Recognising that many of the current market indices are not well aligned with the aims of the Paris Agreement, the Fund has been investigating alternative approaches over the last 9 months.

The Pension Committee and officers have undertaken a considerable amount of work on ESG matters over the last 3 years. The Pension Committee on 22 June 2020, considered a number of reports that demonstrate the proactive approach

being taken to address and debate ESG issues. The Committee decided to substantially reduce its exposure to passive funds. A by-product of this move will be that the Fund's direct fossil fuel company exposure will fall by as much as 50% from its current £137.8m as of 31 March 2020 (~4% of Assets Under Management) once a number of new manager selections have been made. At the same time, the Committee made a long run strategic commitment to double its infrastructure exposure to 8% of assets (~£300m), some of which, it is hoped, will raise its exposure to renewable energy assets. The Fund Actuary's assessment is that these changes support meeting the Fund's projected liabilities and with a level of greater certainty.

The link below provides the papers and a webcast of the meeting:

<https://democracy.eastsussex.gov.uk/ieListDocuments.aspx?CIId=373&MIId=4447&Ver=4>

The Pension Committee on 21 September 2020 approved its Statement of Responsible Investment Principles outlining the funds approach to incorporate ESG factors into the fund's decision making to better manage risk and benefit from more sustainable returns. In addition, the Committee agreed on the appointment of the managers (subject to due diligence) to implement the decision made to reduce the fund holdings in passive funds, resulting in the fund looking to subscribe 10% of its assets to impact active managers. With another 10% being subscribed to a passive like smart beta product that incorporates Environmental Social and Governance factors into its construction. Fund officers are currently working through the legal paperwork to ensure the new investments are in line with the fund strategy to protect fund beneficiaries' pensions. The reduction in index funds and subscription into these new managers is anticipated to be completed in advance of the November Committee meeting for the Committee to then assess how these changes have positively impacted the fund.

The link below takes you to the Statement of Responsible Investment Principles document:

<https://democracy.eastsussex.gov.uk/documents/s32544/Appendix%201%20>

Recent decisions by the Pension Committee, driven by work seeking to better align the Fund with sustainability, energy transition risks and opportunities, will see reduced exposure to passive index funds where much of the fossil fuel exposure resides, significant investment in an index approach better aligned to the Paris Agreement, new exposure to a number of active impact funds which seek to capitalise on sustainability and energy transition opportunities and a doubling of exposure over the next few years to infrastructure (including renewable) assets.

The Fund embraces the United Nations Principles of Responsible Investment and the UK Stewardship Code. Its Responsible Investment approach is assisted and informed by its membership of and collaboration with the Local Authority Pension Fund Forum, Climate Action 100+ and the Institutional Investors Group for Climate

Change. It also seeks to monitor its portfolio carbon footprint and assess the extent to which underlying holdings are making progress in aligning with the energy transition.

The Committee regularly debates the merits of Engagement vs. Divestment in relation to fossil fuels. It does not currently recognise blanket divestment from entire sectors as an effective or fiduciary approach. Indeed, a blanket divestment from fossil fuels would have meaningful operational implications for ESPF. Nor is it viewed as a sensible approach by any of the fund managers with whom we have engaged. Institutional engagement with the large oil and gas companies is more likely to drive change in those companies. We see this recently with the announcements made by a number of oil companies like BP, in the wake of pressure from institutional investment groups with whom ESPF collaborates. Such companies, while providing services that current day consumers cannot do without, also offer the potential to be a vehicle for change.

Aside from Energy Incumbents, substantial financing for new renewable energy projects comes from both general and specialist infrastructure investment funds. The Fund is seeking to identify general and specialist infrastructure funds that have a significant focus on creating these new types of energy infrastructure. It is the Fund's aspiration, where the economics make sense, to make a substantial contribution to building new capacity in this area.

#### **40. Question from Oliver Darlington, Lewes, East Sussex**

In October 2019 ESCC declared a climate emergency and this year's weather was a reminder of it. What steps has the Council taken to reduce its emissions of carbon dioxide to avert this catastrophe?

#### **Response by the Lead Member for Resources**

In October 2019 ESCC committed to becoming carbon neutral from its activities as soon as possible and in an event by 2050. Since then the Council has:

- 1) Developed a climate emergency plan, which is on our website (see: <https://www.eastsussex.gov.uk/environment/priorities/whatawearedoing/>).
- 2) Updated our corporate carbon footprint, which is also on our website (see: <https://www.eastsussex.gov.uk/environment/priorities/whatawearedoing/>).
- 3) Recruited a dedicated Climate Emergency Officer.
- 4) Begun to deliver the priority actions set out in the climate emergency plan.

We have also developed a number of projects to support local residents and businesses to reduce carbon too. These include:

- 1) Working in partnership with other local authorities across Sussex to promote the take up of solar PV, through the Sussex Solar Together project (see: <https://solartogether.co.uk/eastsussex/home#>).
- 2) Providing local businesses with free energy audits and grants to cut carbon and operating costs (see: <https://locase.co.uk/>).
- 3) securing £908,000 of government funding to help those in fuel poverty to improve the energy efficiency of their homes.

#### **41. Question from Madelaine Cooper, Hastings, East Sussex**

I'd like to know what positive steps the East Sussex Council is taking to preserve our valuable and important public open green spaces.

I ask this in the light of Planning Permissions that are being passed to actively destroy green space at the heart of our community - particularly in the White Rock area.

While I appreciate and support the need for well designed, sustainable and carbon neutral public housing to be built, there are far more appropriate spaces for such development. The infrastructure of roads, services and amenities is overstretched at present in this area - the introduction of hundreds of new homes will exacerbate the problems across this already under-serviced area. More roads, deliveries, service traffic in this area would be disastrous to an already broken road infrastructure as well as adding hugely to pollution and congestion in the centre of the town.

Can we also be assured that even when appropriate sites are chosen for housing development, the design of these buildings will be based on the most forward-thinking, environmentally sustainable knowledge and that East Sussex Council can be proudly at the forefront of the fulfilment of sustainable public housing building?

#### **Response by the Lead Member for Transport and Environment**

Planning applications, such as the ones you refer to in the White Rock area, are considered and determined by the local planning authorities in East Sussex, namely the likes of Hastings Borough Council, and not the County Council. Whilst the County Council is a statutory consultee on certain applications, the remit of issues we look at is limited to matters such as highways impact and local flood risk considerations. We seek to ensure that such matters are appropriately addressed in development proposals and where they are not, we will raise an objection to the proposal. However, our views are not binding upon the local planning authority, who are the ultimate decision makers for such applications.

In light of this, I would suggest that the question you raise would be more appropriate for Hastings Borough Council to consider and respond to.

#### **42. Question from Lucy Atabey, Horan, East Sussex**

Why do you continue to allow so much new housing in East Sussex when we have evidence it is damaging the environment and contributing to climate change?

#### **Response by the Lead Member for Transport and Environment**

Considering and determining planning applications for new housing is not the responsibility of East Sussex County Council. Within the county, the local planning authorities (Hastings, Rother, Wealden, Lewes, Eastbourne and the South Downs National Park Authority) are responsible for the determination of such applications and also for the preparation of Local Plans that identify where new housing



development will take place. In light of this, I would suggest that the question is more appropriate for the local planning authorities to respond to.

Note: Questions 43 to 46 relate to a similar issue. The answer to these questions is set out after question 46 below

**43. The same or similar questions were asked by:**

**Ian Sier, Hastings East Sussex**  
**Jon Griffith, Hastings, East Sussex**  
**John Phillips, Rye, East Sussex**  
**Robert Blizard, St Leonards on Sea, East Sussex**  
**Hilda Kean, Hastings, East Sussex**  
**Duncan Taylor, Lewes, East Sussex**  
**Laurance Holden, Burwash, East Sussex**  
**Karen Vincent-Jones, Hove**  
**Helen Stollar, Brighton**  
**Kathleen McMullen, Hove**  
**Aidan Pettitt, Brighton**  
**Judy Granville, Hove**  
**Patricia Shobaki, Hove**  
**Tony Greenstein, Hove**  
**Jo Tulloch, Brighton**  
**Nadia Edmond, Brighton**  
**Patricia Cockrell, Lewes, East Sussex**  
**Elaine Sweetman, Brighton**  
**David Fellows, Brighton**  
**Judith Land, Lewes, East Sussex**  
**Ann Hallam, Brighton**  
**Alison Bojang, Hove**  
**Kristina Cole, Rye, East Sussex**

I am very concerned to see research carried out by the PSC (Palestine Solidarity Campaign) has shown that the East Sussex Pension Fund [ESPF] has approximately £111 million invested in 63 companies complicit in Israel's abuses of Palestinian human rights and in violation of international law.

These violations of human rights and international law include the illegal military occupation and settlement of Palestinian land in the West Bank, East Jerusalem and the Golan Heights, as affirmed by the UN Security Council, and the UK government; the inhumane land, sea and air blockade on Gaza, deemed a flagrant violation of international human rights and humanitarian law by UN experts; and the denial of the fundamental human right of dispossessed Palestinian refugees to return to the land from which they, or their family members, were expelled, in violation of UN Resolution 194.

Specifically, I am extremely concerned that the ESPF has over £3 million invested in 11 companies which are on the United Nations list of companies involved in Israel's illegal settlement economy. Israel's settlements on occupied land are illegal under international law and the International Criminal Court prosecutor is investigating their

construction as a war crime. Our own Foreign and Commonwealth Office has spoken out against economic involvement in the settlements: 'There are clear risks related to economic and financial activities in the settlements and we do not encourage or offer support to such activity.'

These 11 companies operating and profiting from stolen land are Bank Hapoalim, Paz Oil Company, Israel Discount Bank, Bezeq, Booking.com, Expedia, General Mills, Delek, Mizrahi Tefahot Bank, First International Bank and Mercantile Discount Bank Ltd.

In addition, the Pension Fund has £25,295 invested in Elbit Systems. Elbit is one of Israel's biggest arms manufacturers and appears on most blacklists prepared by 'socially responsible' investment research companies. The firm constructs the militarised drones used by Israel to bombard Palestinian civilians to death during its successive wars against the population of the Gaza Strip. They also produce the surveillance drones that the Israeli army uses during military operations of house arrests in the occupied West Bank. Norwegian state pension fund, Danish bank Danske Bank, Dutch pension giant ABP, the Swedish AP pension fund and Folksam (Sweden) have all divested from Elbit, as has Europe's largest bank HSBC.

When this issue was last put before the Council by members of the public in July 2020 the Chair of the Pension Committee did not appear to engage directly with the issue. He gave a general answer:

"The Fund continues to have the right, should it wish, to disinvest or boycott on non-financial grounds provided it meets the requirements of the Investment guidance."

"The Fund embraces the United Nations Principles of Responsible Investment and the UK Stewardship Code."

However, the UN Guiding Principles provides a clear statement on the responsibilities that businesses and investors should have in regard to human rights abuses. How can a pension fund that claims to embrace the UN Guiding Principles hold companies in its portfolio that the United Nations has highlighted as companies in breach of international law?

Instead of a general answer about what is possible I would like to know what measures the ESPF intends to take to divest from these specific companies I have raised concerns about, and when? I am aware these may be indirect investments through funds but there are ESG (Environmental, Social and Governance) screened funds that don't hold any of these companies. Direct or indirect, the responsibility is the same. Is it not time for ESPF to divest from companies in flagrant breach of international law? Will the issue be put before the Pension Committee for discussion on Monday 30 November? Also, do you intend to implement screening and due diligence procedures to ensure that scheme members' money is not used to support the violation of international law in future. If so, when?

#### **44. Question from Phillip Colley, Rye, East Sussex**

I am shocked at the recent revelations from research carried out by the Palestine Solidarity Campaign into the dubious investment choices of the East Sussex Pension Fund.

Retirement is supposed to be a happy time. East Sussex council employees, having dutifully served our community during their working life, are just as entitled to a happy retirement as anyone else. My question is... how is it possible for any ex-council employee with a conscience to truly enjoy their retirement whilst knowing that their pension has been built on the misery, murder and appalling human rights abuses of Palestinian men, women and children? As a council you have a choice about whether to do the right thing, or not, and I just cannot understand how you have allowed the current situation regarding the Pension Fund to come to pass. It is simply shameful. Please divest immediately from the 63 companies identified as complicit in the Palestine Solidarity Campaign's report

#### **45. Question from Khosrow Poolad, St Leonards on Sea, East Sussex**

In our interconnected world, businessmen's complicity in war crimes, mass murder, collective punishment and erosion of human dignity can never be mitigated as a naive entrepreneurial project; it can never be excluded from our collective memory and is bound to be universally condemned.

As a British residing in East Sussex I find your part in the Israeli War Crimes objectionable, thus I am writing to refresh your memory and pose a question and demand a response:

I like to invite the Chair to compare the 1947 map of Palestine (when 94.2% of the cultivated lands were Palestinians' and only 5.8% were in Jewish ownership), with the 2020 map (which shows only a fraction of the 1947 map belongs to the Palestinians – and that fraction has also been shrinking; thanks to the illegal settlements and the perpetual Western complicity in Israel's war crimes) - only then can you realise the extent of the suffering of millions of Palestinians. To briefly refresh your memory:

In 1948, exactly 530 Palestinian villages were destroyed by Israeli militants; 13,000 Palestinians were killed and 750,000 Palestinians were expelled from their lands and homes ending up refugees in neighbouring countries. After decades the refugees and their dependants are still fighting in vain for the right to return to their homelands. There are more than 7 million Palestinian refugees, several millions are still supported by the UN. Every Israeli military attack especially since 2000 has killed many Palestinians and left many Palestinian families with children homeless and traumatised. Certainly you have been well aware of these crimes.

Even the Arab Israelis who live inside Israel do not enjoy equality before law or full protection; they also suffer from employment discrimination and other prejudices. The Palestinians have been left with nothing due to Israel's unceasing repression and wars backed by people with your mind-set and financial support. As long as Israel refuses to respect the UN resolutions, and the US, UK and other European countries continue to back Israel's ruthless colonial aggression, there will be no prospect of a peaceful solution.

As a researcher and writer I find the research carried out by the PSC (Palestine Solidarity Campaign) that shows the East Sussex Pension Fund [ESPF] has approximately £111 million invested in 63 companies complicit in Israel's abuses of Palestinian human rights and in violation of international law, too disturbing. The information implies that you have knowingly been a part of this apartheid aggression supporting the mass murder and trauma that millions of Palestinians have been subjected to.

These violations of human rights and international law include the illegal military occupation and settlement of Palestinian land in the West Bank, East Jerusalem and the Golan Heights, as affirmed by the UN Security Council, and the UK government; the inhumane land, sea and air blockade on Gaza, deemed a flagrant violation of international human rights and humanitarian law by UN experts; and the denial of the fundamental human right of dispossessed Palestinian refugees to return to the land from which they, or their family members, were expelled, in violation of UN Resolution 194.

Specifically, I am extremely concerned that the ESPF has over £3 million invested in 11 companies which are on the United Nations list of companies involved in Israel's illegal settlement economy. Israel's settlements on occupied land are illegal under international law and the International Criminal Court prosecutor is investigating their construction as a war crime. Our own Foreign and Commonwealth Office has spoken out against economic involvement in the settlements: 'There are clear risks related to economic and financial activities in the settlements and we do not encourage or offer support to such activity.'

These 11 companies operating and profiting from stolen land are Bank Hapoalim, Paz Oil Company, Israel Discount Bank, Bezeq, Booking.com, Expedia, General Mills, Delek, Mizrahi Tefahot Bank, First International Bank and Mercantile Discount Bank Ltd.

In addition, the Pension Fund has £25,295 invested in Elbit Systems. Elbit is one of Israel's biggest arms manufacturers and appears on most blacklists prepared by 'socially responsible' investment research companies. The firm constructs the militarised drones used by Israel to bombard Palestinian civilians to death during its successive wars against the population of the Gaza Strip. They also produce the surveillance drones that the Israeli army uses during military operations of house arrests in the occupied West Bank.

Norwegian state pension fund, Danish bank Danske Bank, Dutch pension giant ABP, the Swedish AP pension fund and Folksam (Sweden) have all divested from Elbit, as has Europe's largest bank HSBC.

When this issue was last put before the Council by members of the public in July 2020 the Chair of the Pension Committee did not appear to engage directly with the issue. He gave a general answer:

"The Fund continues to have the right, should it wish, to disinvest or boycott on non-financial grounds provided it meets the requirements of the Investment guidance."

"The Fund embraces the United Nations Principles of Responsible Investment and the UK Stewardship Code."

However, the UN Guiding Principles provides a clear statement on the responsibilities that businesses and investors should have in regard to human rights abuses. How can a pension fund that claims to embrace the UN Guiding Principles hold companies in its portfolio that the United Nations has highlighted as companies in breach of international law?

Instead of a general answer about what is possible I would like to know what measures the ESPF intends to take to divest from these specific companies I have raised concerns about, and when? I am aware these may be indirect investments through funds but there are ESG (Environmental, Social and Governance) screened funds that don't hold any of these companies. Direct or indirect, the responsibility is the same. Is it not time for ESPF to divest from

companies in flagrant breach of international law? Will the issue be put before the Pension Committee for discussion on Monday 30 November? Also, do you intend to implement screening and due diligence procedures to ensure that scheme members' money is not used to support the violation of international law in future. If so, when?

These investments cannot be claimed to have been made naively: history of the Israeli–Palestinian Conflict is over half a century old.

Thank you for your time. While I appreciate that ESPF members deserve decent pensions it should not be at the expense of some of the most oppressed and vulnerable people in the world.

#### **46. Question from David Roger, Brighton**

I am writing having learned that the East Sussex Pension Fund has invested £111million in 63 companies involved in Israel's violation of both international and human rights laws by their continuing illegal occupation of Palestinian Territories beyond the UN defined 1967 borders and their defying terms of the Geneva War Crimes Convention, transgression of which is currently being formally investigated by the International Criminal Court.

Specifically, the ESPF has 3 million invested in companies listed by the UN as investing in illegal settlements on occupied land and against the policy of our own Foreign Office. The settlements constitute a war crime and it is therefore surely illegal for the ESPF to be financially supporting them. They are Booking.com, Expedia, General Mills, Delek, First International Bank, Mizrahi Tefahot Bank, Bank Hapoalim, Paz Oil Company, Bezeq, and Mercantile Discount Bank Ltd. There is also £25,000 invested in Elbit systems which many reputable funds are divesting from because they manufacture killing drones used illegally against civilians.

Apparently the ESPF embraces the United Nations Principles of Responsible Investment and the UK Stewardship Code.

As a council tax payer I cannot tolerate my tax being used to profit from the breaking of international law and the oppression of civilian populations.

I would like these investments withdrawn at the meeting of the Pensions Committee on November 30 and an assurance that there will be more rigorous screening of unethical investment in the future.

#### **Response by the Chair of the Pension Committee to questions 43 to 46 above**

The East Sussex Pension Fund (the Fund) does not directly invest in any specific company. The Fund instead invests through a combination of holdings in passive index funds and active fund managers. When investing LGPS fund monies the Fund is required to follow the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations) and guidance as set out by the Secretary of State.

MHCLG guidance encourages the use of index funds as an intrinsic part of investment strategy at an LGPS Fund pool level due to the lower costs associated with investing in these funds compared to active mandates. Index funds provide reduced volatility in investment performance, providing exposure to entire market as

defined by the reference index. As the owner of an index fund, you are not consciously investing in any individual companies. You are passive around those choices as these are dictated by the composition of the index and there is no way in which the fund can influence the holdings in that index.

In making any investment decision the Fund will seek to follow its published Investment Strategy Statement and its Statement of Responsible Investment Principles, to balance the duties they have to all scheme stakeholders, weigh up the potential financial impact and take into consideration the views of beneficiaries where any non-financial factor is taken into account.

The current fund exposure to the specific companies addressed in these questions are solely held within its allocation to passive investments. For these companies that are identified in the questions as operating and profiting from stolen land, the Fund has exposure of just under £1.8m and has a further £16k with Elbit Systems. The Fund made the active decision at its meeting on 22 June 2020 to substantially reduce its exposure to passive funds. Following on from this decision the committee at its meeting on 21 September 2020 agreed on the new investment arrangements to implement this change. Fund officers are currently executing this movement in investment strategy working with its legal advisers and custodian to enable subscription and transition of the investments. Once this has been completed the Fund expects to see a further reduction in any exposure to these companies. The Fund's Statement of Responsible Investment Principles was agreed in September which the fund will work to in all new investment decision making. This places Responsible Investment at the heart of all investment decisions and provides increased transparency and monitoring of these investments. Once the new investment arrangements are in place a further review of the Funds position will take place and this will be considered by the Committee.