

17 September 2015

To: Councillor Reg Adair
c.c. Nottinghamshire Pension Fund Committee



Dear Councillor Adair,

Pension Fund – Fossil Fuel Investments

You will be aware that there is a growing argument that pension funds should not be investing in fossil fuels:

- (1) Earlier this year the Bank of England warned that “As the world increasingly limits carbon emissions, and moves to alternative energy sources, investments in fossil fuels and related technologies – a growing financial market in recent decades – may take a huge hit.”
(www.bankofengland.co.uk/publications/Documents/speeches/2015/speech804.pdf p5)
- (2) The Rockefeller Brothers Foundation reached a similar conclusion last year:
www.rbf.org/about/divestment
- (3) In other words, as the world decarbonises its energy supply, fossil fuel investments are unlikely to represent the sort of long term security that pensioners should be able to rely on.
- (4) For a sustainable future for tomorrow’s pensioners, the pension fund should be investing in the technology of tomorrow – renewable energy, zero carbon homes, energy efficiency, etc.

It is therefore with some surprise that we find that as at 31/3/15 Nottinghamshire Pension Fund had over £200m in direct equity investments in fossil fuel companies, most of this in Shell, BP, BG and BHP Billiton (a major coal company). For all of these the number of shares held by Notts Pension Fund increased between 31/3/14 and 31/3/15 in spite of falling share prices.

Holdings at 31/3/15 included:

Holding at 31/3/15	Shares	Price	Value (£m)	Comment
ROYAL DUTCH SHELL B EUR0.07 (UK)	3,113,062	£20.99	65.343	8th largest gas & oil co
ROYAL DUTCH SHELL A EUR0.07 (UK)	366,567	€27.905	7.408	
BP PLC ORD US\$0.25	9,809,867	£4.367	42.840	6th largest gas & oil co
BG GROUP PLC ORD 10P	3,284,853	£8.29	27.231	20th largest gas & oil co
EXXON MOBIL CORP NPV	130,847	\$85.15	7.513	4th largest gas & oil co
TOTAL SA EUR2.5	120,228	€47	4.092	11th largest gas & oil co
CHEVRON CORP COM	44,400	\$104.98	3.143	9th largest gas & oil co
BHP BILLITON US\$ 0.50 (UK REGD)	1,688,857	£14.735	24.885	6th largest coal co
GLENCORE PLC COMM STK USD0.01	3,000,000	£2.828	8.485	11th largest coal co
ANGLO AMERICAN PLC ORD US\$0.54945	410,920	£10.12	4.159	5th largest coal co

(Rankings are taken from Carbon Underground 200, relating to size of fossil reserves: <http://fossilfreeindexes.com/research/the-carbon-underground/>)

Other significant holdings over £1m each include BASF, Chevron, Suncor, Conoco Phillips, ENI, Occidental Petroleum, Statoil, Cenovus.

see things differently

It is likely that a similar amount again is held indirectly in fossil fuel companies via pooled equity funds.

You will be aware that the Pension Fund Statement of Investment Principles says that "Environmental, social and governance (ESG) issues will be taken into account where these are considered likely to impact on returns."

We would therefore like to ask:

- (1) What action, if any, have you taken following the advice from the Bank of England to reduce exposure to fossil fuels?
- (2) Why have you increased your exposure to fossil fuel stocks at a time of falling share prices?
- (3) Do you have any plans to invest Notts Pension Fund money in supporting local community initiatives in renewable energy or energy efficiency?

We would like to ask that these issues are placed on the agenda of your Annual Meeting on 6 October.

Yours sincerely,

Michael Howard
County Council employee and
Pension Fund contributor

Nigel Lee
Nottingham Friends of the Earth