Questions for Councils and Councillors to ask the Leicestershire Local Government Pension Scheme (LLGPS) committee related to their ongoing investments in fossil fuel producing companies.

Below are 6 questions and actions LeicsDivest would like the pension committee to answer/do, along with some extra information to give the question context. Please would you contact the pension committee about them. We would like them to hear from individual councillors, committees, political parties and whole councils on these issues. You can also find a briefing about our LeicsDivest pension campaign, along with links to more information, here.

Please copy us (LeicsDivest@gmail.com) into letters and share responses so we know what is going on!

Question for the LLGPS committee	**Context/further information**
Will the committee please provide concise, clear information on: • What milestones (if any) with what timelines (if any) the Leicestershire Local Government Pension Scheme has set for monitoring the progress of their engagement with fossil fuel companies to ensure that they reduce their fossil fuel production by at least half by 2030? • What criteria (if any) have you set to assess achievement of these milestones?	If fossil fuels continue to be produced and burnt at the current rate, then the world will pass 1.5ºC of global heating by 2030. Therefore, production of fossil fuels needs to be substantially reduced substantially <u>before</u> 2030. Targets and changes made after this point will be too late. At the moment, the LLGPS has a single set of very unclear criteria for carbon reduction which it applies to all companies, not just fossil fuel companies, and most of which can be achieved without any real action on the part of fossil fuel producers before 2030. See our video and briefing on these measures.
Will the LLGPS require Central Pool to set up a fossil free fund?	This would be an investment portfolio excluding fossil fuel producing companies which our LGPS, and the other LGPS in the Central Pool can invest in. None of the Central Pool Funds which our Leicestershire LGPS invest in currently exclude fossil fuel producers. Much of the LLGPS money is invested via the Central Pool, who also invest for Cheshire, Derbyshire, Nottinghamshire, Shropshire, West Midlands and Worcestershire LGPSs. Other similar LGPS pools in the UK (Brunel, London Collective Investment Vehicle and Boarder to Coast) do have such funds as a result of their LGPSs asking for them to be set up. Even if Leicestershire LGPS don't intend to formally divest, having such a Fund would enable them to reduce their fossil fuel holdings - and give them an easy fossil free investment option should these companies shares tip into being stranded unexpectedly fast. Therefore, having such a fund makes the scheme safer.

How robust are your assumptions about the value of fossil fuel company investments? Will you please require your investment managers to produce a valuation model on the top 10 fossil fuel producers you hold shares in assessing the impact of an international 50% drop in demand for coal, oil and gas within the next five and ten years. This model should also assume lower oil prices commensurate with a 1.5°C scenario, i.e. $25-50 a barrel and should be written as a risk report.	While this 50% drop in demand may not happen it is what is needed to keep the world below 1.5°C of heating, and therefore what the world is aiming for by committing to the Paris Agreement. Therefore it is entirely possible that it will occur.
Given that: • the Church of England (a key negotiator for CA100+ with the fossil fuel majors, and a key initiator of the TPI) has decided to end engagement with fossil fuel producers • shareholder votes pushing for effective climate action went down at this year's fossil fuel majors AGMs • fossil fuel companies have reduced their climate commitments this year in spite of massive profits which could have been used to strengthen and act on these commitments please would you explain why you think engagement will be effective at the speed needed to keep the world below 1.5°C of heating when it comes to fossil fuel production and rapidly reducing the use of coal, oil and gas?	We think the fossil fuel companies the LLGPS invests in are misleading their shareholders who want to see effective carbon reduction by greenwashing themselves and seeming to listen to what these shareholders want. They are making superficial changes (for example setting irrelevant targets which do not include the carbon footprint of the use of their products or kick in soon enough to tackle climate change) while also not ending their capital expenditure in new fossil fuel production. This enables them to greenwash themselves to look like part of the solution while in reality preventing money and subsidies from going to real solutions such as renewable energy generation and locking the world into ongoing fossil fuel production. TPI (the Transition Pathway Initiative) and CA100+ (Climate Action 100+) are two of the main organisations the LLGPS does it's engagement with fossil fuel producing companies through.
Do the benchmark indices you use to assess the performance of your equity investments exclude fossil fuel producing companies? If not, will the pension fund set up benchmarks for their equity investments using indices which exclude fossil fuel investments? Using fossil free benchmarks would enable the LLGPS to easily see how your fossil fuel investments impact on your portfolios.	In order to stay close to a benchmark, investment managers tend to invest in pretty much the same companies as the benchmark. Increasingly, financial organisations such as FTSE and MCSI, tend to provide indices for use as benchmarks excluding fossil fuel producing companies as well as versions including them (and the ones excluding them typically perform better financially).
Given that your climate risk report comes from Mercer, and given the information in this report about how misleading their modelling is, will you please commission a climate risk report from a more reliable adviser as the Universities Superannuation Scheme (USS) has done with the University of Exeter?	At the moment LLGPS committee and officers are making decisions which suggest they believe the fund can continue to exist and provide pensions at above 4°C of global warming. In reality the climate science shows that 4°C of heating would make the continued existence of the fund extremely unlikely. Having a climate risk report which substantially underestimates the effect of climate change on the LLGPS investments – and therefore on the fund's future – makes it less likely that the LLGPS takes active measures to minimize climate change – for example by publically ending their investments in fossil fuel producing companies.