

Fossil Free Pensions Paris Pledge

Preamble

Recognising that the Paris Climate Agreement has come into force on 4 Nov 2016,

Recognising that the Paris Climate Agreement's entry into force is a crystal-clear market signal that the transition to a low-carbon global economy is underway and accelerating,¹

Recognising that the long term goal of the Paris Climate Agreement is to hold *“the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.”*

Recognising the urgency of that challenge and that estimates² indicate that we have just 5 years³ of CO₂ emissions before 1.5°C carbon budget is used up and just 20 years before 2°C budget is used up,

Recognising that there is broad agreement that 60-80% of fossil fuels (reserves) need to be kept underground in order to achieve the goal of 2°C and that 100% of fossil fuels need to be kept underground for the goal of 1.5°C,⁴ with the assumption that carbon capture and storage will be too expensive or otherwise undesirable,

Recognising that the vast majority of reserves of fossil fuel companies and states can never be used as a result of the Paris Climate Agreement, so shares and stocks of commercial and state companies will lose value and can be seen as stranded assets for investors, as a result of the ‘carbon bubble’,

Recognising that as institutional investors, we are acutely aware of the risks of climate change presents to our investments,⁵ reflected in initiatives like the Portfolio Decarbonization Coalition, the Montreal Pledge, the Investor Network on Climate Change, and the development of fossil free and low carbon index funds,

Recognising that as institutional investors, we are particularly concerned that gaps, weaknesses and delays in climate change and clean energy policies will increase the risks to our investments as a result of the physical impacts of climate change, and will increase the likelihood that more radical policy measures will be required to reduce greenhouse gas emissions. In turn, this could jeopardise the investments and retirement savings of millions of citizens,⁶

¹ <https://www.ceres.org/press/press-releases/ceres2019-mindy-lubber-statement-on-paris-climate-agreements-entry-into-force>

² <https://www.carbonbrief.org/analysis-only-five-years-left-before-one-point-five-c-budget-is-blown>

³ http://www.met.reading.ac.uk/~ed/spiral_large.gif

⁴ <http://fortune.com/2015/12/17/energy-companies-feel-the-burn-from-paris-climate-deal/>

<http://www.greenpeace.org/usa/global-warming/keep-it-in-the-ground/> and:

<https://www.theguardian.com/environment/2015/oct/05/a-story-of-hope-the-guardian-launches-phase-two-of-its-climate-change-campaign>

<http://www.wgei.org/uncategorised/what-does-the-paris-agreement-mean-for-the-future-of-the-extractive-industries/>

⁵ <http://investorsonclimatechange.org>

<https://www.nordea.com/Images/33-98005/IIGCC%20Post-Paris%20COP21%20report.pdf>

<http://unepfi.org/pdc/>

⁶ http://investorsonclimatechange.org/wp-content/uploads/2016/09/2014_GlobalInvestState_ClimChange_092316.pdf

Recognising that the independent Dutch Central Bank DNB, the supervisory authority for Dutch Pension funds, warned pension funds between the lines in a report that sooner or later, the carbon bubble will burst and that pension funds are especially vulnerable and should take appropriate action,⁷

Recognising that also the Dutch Government said in a reaction towards this DNB report that pension funds have the highest carbon bubble risk of all financial institutions⁸,

Recognising that 60% of Dutch pension participants themselves expect from their pension funds to divest fully from fossil fuels in order to limit CO₂ emissions⁹, just like millions of members of non-governmental organisations¹⁰,

Recognising that as pension funds we have the fiduciary duty to protect the financial interests of our pension participants and the retirement savings of millions of citizens,

Recognising that the Dutch Central Bank DNB and foreign experts warned that pension fund board members may have legal personal liabilities in case of mismanagement related to high carbon assets¹¹,

Recognising that at least 55 pension funds globally have already taken the step to fully divest from fossil fuels, see Attachment 1,

Recognising that fossilfree indexes¹² or funds do not necessarily have lower financial results, but mostly comparable and sometimes better,

Recognising that we have a duty to act in the best long-term interests of our beneficiaries,¹³

⁷ http://www.dnb.nl/binaries/TijdvoorTransitie_tcm46-338545.pdf

⁸ <https://zoek.officielebekendmakingen.nl/dossier/32813/kst-32013-129?resultIndex=0&sorttype=1&sortorder=4>

⁹ <http://www.trouw.nl/tr/nl/34921/Groen-Pensioen/article/detail/4044377/2015/06/01/Nederlanders-bereid-meer-te-betalen-voor-groen-pensioen.dhtml>

¹⁰ <http://www.abpfossilvrij.nl/category/nieuws/page/2/>

¹¹ <http://www.annemarietakhorst.nl/pagina/geld-stuurt-de-wereld>

¹² <http://fossilfreeindexes.com/faq/>

Research by the Aperio Group shows financial results of carbon-free portfolio's/index funds are comparable and sometimes better than traditional, more diversified portfolio's/index funds. S&P Capital IQ presented the same conclusions, just like joint research (led by ESG-expert Dr. Joshua Humphreys) from the Tellus Institute, Responsible Endowments Coalition, Sustainable Endowments Institute, and 350.org. See reports:

[http://www.nrdc.org/media/2014/140429.asp?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+NRDCPressReleases+\(NRDC+Press+Releases\)](http://www.nrdc.org/media/2014/140429.asp?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+NRDCPressReleases+(NRDC+Press+Releases))

https://www.aperiogroup.com/system/files/documents/aperio_group_-_building_a_carbon-free_equity_portfolio.pdf

<http://news.yahoo.com/college-fossil-fuel-divestment-movement-173859677.html>

<http://gofossilfree.org/files/2013/05/Institutional-Pathways-to-Fossil-Free-Investing.pdf>

¹³ <http://montrealpledge.org/sign-the-pledge/>

We commit:

Where we have direct control over the individual companies we invest in, we will do what is in our sphere of influence to:

1. Make no new investments in the Carbon Underground's top 200 oil, gas, and coal companies¹⁴.
2. Sell these oil and gas investments within 3-5 years, no later than 31 December 2021.
3. Sell these coal investments within 3 years, no later than 31 December 2019.
4. Invest in a sustainable and equitable new energy economy.

Where we do not have direct control over the individual companies in our investments, we pledge to invest in fossil free alternatives as soon as suitable options become available. If we intend to engage in shareholder advocacy, we are retaining a very small share of fossil fuel or high carbon companies for only that purpose¹⁵.

Date: 12 December 2016

Place: The Hague

Name of pension fund¹⁶

Name of Director, Chair, Board member

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Other signatories with influence related to pension funds

Name

- Trade unions
- Companies with their own pension fund
- Pension administrators / asset managers
- Chairs/parties of Pension fund participant committees (deelnemersraden pensioenfondsen en ondernemingsraden voor pensioenverzekeringen)

¹⁴ <http://fossilfreeindexes.com/research/the-carbon-underground/>

¹⁵ http://action.divestinvest.org/p/dia/action3/common/public/?action_KEY=16889&utm_campaign=wedivestinvest

¹⁶ bedrijfstakpensioenfonds, ondernemingspensioenfonds (voor een onderneming of concern) of een (pensioen)verzekeraar.

Attachment 1: global pension funds divesting from fossil fuels

At least 55 pension funds globally have already taken the step to fully divest from fossil fuels. In Europe, the Waltham Forest Pension fund¹⁷ of London (worth £ 735 million) declared themselves recently "100% fossil free". Some 14 other pension funds decided to divest from fossil fuels partly, 8 from coal only and 1 from coal and tar sands only. Examples are UK's Environmental Agency pension fund, divesting 90% of coal assets and 50% of gas and oil stock in 2020^{18 19} or the California Public Employees Retirement System CalPERS, with \$300 billion dollars the largest pension fund of the USA, divested fully from coal.

Excerpted from full list at <http://gofossilfree.org/commitments/>

<u>Waltham Forest Pension Fund</u>	UK	Full	→
Abracadabra Retirement Fund	Australia	Full	→
Alleycat Super Fund	Australia	Full	→
Anderson Peters Super Fund	Australia	Full	→
<u>Anglican National Super</u>	Australia	Partial	→
<u>AustralianSuper</u>	Australia	Partial	
Barnett Super Wealthy Fund	Australia	Full	→
Barry Family Super Fund	Australia	Full	→
Bondage Super	Australia	Full	→
Booth Super Fund	Australia	Full	→
Brinstones Super	Australia	Full	→
<u>California Public Employees' Retirement System (CalPERS)</u>	USA	Coal only	→
<u>California State Teachers' Retirement System (CalSTRS)</u>	USA	Coal only	→
Cecily Dignan Superannuation Fund	Australia	Full	→
<u>City of Providence, RI</u>	USA	Partial	→
Darwin Superannuation Fund	Australia	Full	
Davara Super Fund	Australia	Full	→
Decco Superannuation Fund	Australia	Full	→
<u>District of Columbia Retirement Board</u>	USA	Full	→
Ditton's Super Fund	Australia	Full	→
Dobra Super Fund	Australia	Full	→
Earth Super Fund	Australia	Full	
<u>Environment Agency Pension Fund</u>	UK	Partial	→
<u>First State Super</u>	Australia	Partial	
Flame Tree Super Fund	Australia	Full	
Flou Flou Super Fund	Australia	Full	→
<u>Future Super</u>	Australia	Full	→

¹⁷ <http://gofossilfree.org/uk/press-release/waltham-forest/>

¹⁸ <http://platformlondon.org/2016/09/28/32504/>

¹⁹ Reference where Liset got these from

Gibson and McGregor Super Fund	Australia	Full	→
Good Vibrations Super	Australia	Full	→
<u>Government Pension Fund Global</u>	Norway	Partial	→
Gross and Watts Super Fund	Australia	Full	→
H Green Superannuation Fund	Australia	Full	→
<u>HESTA Super Fund</u>	Australia	Coal only	→
<u>Haringey Pension Fund</u>	UK	Coal only	→
Haydon Family Super Fun	Australia	Full	→
<u>Ircantec</u>	France	Coal	→
Jacobs Robinson Super Fund	Australia	Full	→
Jalana Super Fund	Australia	Full	→
Jennie Di Blasi Super Fund	Australia	Full	→
Just Money Super Fund	Australia	Partial	
Kerr Ratcliffe Super	Australia	Full	→
Kollantai Super Fund	Australia	Partial	
<u>Kommunal Landspensjonskasse (KLP)</u>	Norway	Full	→
Kuhn's Gold Super	Australia	Full	→
<u>Local Government Super</u>	Australia	Coal only	→
M & N West Pension Fund	Australia	Full	→
Malbird Super Fund	Australia	Full	→
Maree Kordonsky Super	Australia	Full	→
McKinnon Super Fund	Australia	Full	→
Millamac Super Fund	Australia	Full	→
Moomintroll Super Fund	Australia	Full	→
Neranie Super Fund	Australia	Full	→
<u>Nest Sammelstiftung / Nest Fondation Collective</u>	Switzerland	Fossil Free	
Nevada Super Fund	Australia	Full	→
<u>PFA Pension</u>	Denmark	Partial	→
<u>PKA Pension</u>	Denmark	Partial	→
<u>Pensionfonds Zorg en Welzijn (PFZW)</u>	Netherlands	Partial	→
Perpetual Ocean Super Fund	Australia	Full	→
<u>Presse-Versorgung</u>	Germany	Partial	→
<u>Publica</u>	Switzerland	Coal only	→
ROS Super Fund	Australia	Full	→
Ross Knowles Super Fund	Australia	Full	
Rusbourne Private Superannuation Fund	Australia	Full	→
SUJAY Superannuation Fund	Australia	Full	→
<u>Scottish Widows (?)</u>	scotland	Coal	→
ScouseMouse Super Fund	Australia	Full	→

<u>Second Swedish National Pension Fund (AP2)</u>	Sweden	Partial	→
<u>South Yorkshire Pension Fund</u>	UK	Coal and Tar Sands only	→
Super Three Super Fund	Australia	Full	→
Taikura Super Fund	Australia New	Full	→
<u>The New Zealand Superannuation Fund</u>	Zealand	Fossil Free	→
The Tin Dog Super	Australia	Full	→
Tweeps Super Fund	Australia	Full	→
Unfolding Futures Pty Ltd Superannuation Fund	Australia	Full	→
<u>UniSuper</u>	Australia	Partial	→
Wahcumba Super Fund	Australia	Full	
Wombat Super	Australia	Full	→