



Divest Derbyshire Briefing Derbyshire Pension Fund's Climate Strategy consultation

Derbyshire Pension Fund ('the Fund') has launched a [consultation](#) on a [draft Climate Strategy](#) (as well as a [draft Responsible Investment Strategy Framework](#)) which runs until 31 January 2024 and is open to Pension Fund members as well as all Derbyshire residents.

The £6 billion Derbyshire Pension Fund currently has over 340 participating scheme employers and around 93,000 individual members. [Our briefing](#) showed that the fund has millions of pounds invested in companies with unethical products and/or practices, including an [estimated £200 million in fossil fuel companies](#). We have repeatedly provided [evidence that fossil fuel companies pose a financial risk](#) to the fund as well as being unethical. Even [government ministers have warned](#) that climate change can affect people's retirements savings if pension funds fail to act in time, and that climate change poses a financial risk that is 'too important to ignore'.

Clearly the Fund does not recognise the serious risks posed by climate change. Worryingly, their Responsible Investment Strategy Framework states that "*The current understanding of the potential risks posed by climate change...are still at an early stage*".

The draft climate strategy proposes new climate targets for the fund including:

- Listed equities and bonds: Reduce the weighted average carbon footprint (Scope 1 & 2) by at least 60% relative to the weighted benchmark in 2020 by the end of 2030
- Other assets: The Fund will aim to assess/estimate the carbon footprint (weighted average carbon intensity and/or absolute financed emissions) (Scope 1 & 2) of at least 70% of the Fund's other assets
- Increase the target for the Fund to invest in low carbon and sustainable investments from 30% of 45% of total investment assets by the end of 2030

More importantly the strategy avoids commitment to the most obvious action on climate change, divesting from fossil fuel companies. Their preferred strategy of engagement clearly has not changed the behaviour of fossil fuel companies, whose [strategies are not aligned with the Paris Agreement](#). The science is clear: The [1.5°C limit is only possible if we ultimately stop burning all fossil fuels](#).

Many local authority Pension Funds have already committed to divest from fossil fuels, most recently the conservative-lead [Wiltshire Pension Fund](#) has voted to divest from all fossil fuels by 2030 and has said "*this approach aims to ensure that the fund's risk of exposure to stranded assets is well managed, and that it can benefit from the investment opportunities presented by the transition to a low carbon economy.*"

To date, Derbyshire district/borough/city councils (who are all members of the Fund) have voted for divestment of fossil fuels: Derby City Council (2018), Chesterfield Borough Council (2020), Amber Valley Borough Council (2020), Bolsover District Council (2021), High Peak Borough Council (2021) and Derbyshire Dales District Council (2023).

If you are a Derbyshire resident please can you respond to [the consultation](#) before 31 January. We have provided a suggested response below. You can either adapt this response and send directly to the Pension Committee or use the [online questionnaire](#) (13 questions).

And please share this information with other residents and Derbyshire pension holders because it is not being widely promoted. Thank you!

Suggested response to send directly to the Pension Fund (please put in your own words) and send to pensions.regs@derbyshire.gov.uk

A word version of this response, which retains the links when copied, is available on our [Divest Derbyshire webpage](#)

Dear Derbyshire Pension Fund

I am a Derbyshire resident/member of the Derbyshire Pension Fund [[delete as necessary](#)] and I wish to make the following points in response to your consultation on the investment strategy statement, responsible investment framework and climate strategy.

- I do not support continued investment in fossil fuel companies, all of which [pose a financial risk](#) to the fund as well as being unethical by contributing to catastrophic climate change. Even [government ministers have warned](#) that climate change can affect people's retirements savings if pension funds fail to act in time, and that climate change poses a financial risk that is 'too important to ignore'.
- I reject the assertion made by the Pension Fund that "*The current understanding of the potential risks posed by climate change...are still at an early stage*".
- I consider the aim of the Fund's portfolio to be carbon neutral by 2050 as being too little too late. The latest scientific consensus is that [keeping warming below 1.5C would require reaching net zero before 2040](#).
- The Fund's preferred strategy of engagement has done nothing to decrease fossil fuel companies' carbon-emitting activities and their [strategies are not aligned with the Paris Agreement](#). The science is clear: The [1.5°C limit is only possible if we ultimately stop burning all fossil fuels](#).
- The Fund should fully divest from fossil fuels as a matter of urgency, respecting the views of the majority of its member councils (6 out of 9 local councils, who are all members of the Fund, have voted for divestment of fossil fuels) as well as [the public](#) and a [likely majority of its members](#).
- The millions invested in fossil fuels could be put to much better and less risky use by investing in industries and financial instruments that are environmentally and socially responsible.
- I support the new metric of 'absolute financed emissions' rather than the [misleading benchmarks currently used](#)
- The target for investing in low carbon and sustainable investments (e.g. low carbon social housing) should be approaching 100% by the end of 2030 rather than leaving 55% of investments as unsustainable and high carbon.
- The weighted average carbon footprint of listed equities had already been reduced by 50% by the end of 2023 – it should be closer to 90% by 2030.

I hope that you will listen to the views of local residents and members of the Fund. Thank you.