

Coordinated by the Danish NGO Ansvarlig Fremtid, the members of three major pension funds demanded climate action from the institutions that handle their money by voting in favour of divestment from coal and risky and high carbon projects in 2015.



[Image source](#)

CASE STUDY

Danish savers call for climate action by their pension funds

Overview

Born out of the Danish [Climate Movement](#), [Ansvarlig Fremtid](#) ('Responsible Future') is an organisation fighting for divestment from fossil fuels by Danish institutions. It is based on the assumption that in order to limit global warming to well below 2 degrees, a target now agreed by global leaders, at least [82% of today's known fossil fuel reserves](#) need to remain in the ground.

Inspired by the [divestment campaign led by 350.org in the US](#), Ansvarlig Fremtid soon found that the North American model didn't quite fit in Denmark. In the US, 350.org has mobilised students to demand divestment of their university's endowments but Danish universities – and in fact most other European higher education institutions – don't tend to have large investments, so calling for them to divest from fossil fuels has a much lower impact than in the US. Danish occupational pension funds, however, have more than [€125bn in assets under management](#). At the beginning of the campaign in 2014 it was estimated that the five largest pension funds hold 5.7bn Danish Krona (€0.8bn) in coal, oil and gas stocks.

Ansvarlig Fremtid concentrated on those pension funds that are legally defined as member associations and give members a direct vote at their annual general meeting (AGM) as these allow for their members to contribute their views by filing resolutions – as opposed to commercial, public and other pension schemes that provide their members with an indirect vote at the AGM.

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Campaigning approach

Ansvarlig Fremtid kicked off its campaign in September 2013 with the launch of an [email tool](#) that allowed pension savers to contact their funds, asking them to divest from oil, gas and coal, and to indicate whether they would be interested in filing a resolution at their fund. More than 1,200 savers wrote to their funds and resolutions were filed with three pension funds in April 2014, asking for full divestment from fossil fuels – a significant number given that Denmark has a population of 5.6m people. Although none of resolutions passed in this year (between 37 and 47% of pension fund members voted in favour), they played an important part in raising awareness about the vital question of how Danish pension funds ought to invest and respond to the threat of climate change.

Building on this, Ansvarlig Fremtid coordinated the filing of more resolutions in 2015, now with a slightly refined focus, asking for coal divestment by 2018 and exclusion of oil and gas projects that are particularly risky and carbon intensive, such as tar sands extraction and drilling in the Arctic. The resolutions were filed at seven pension funds that represent more than 200,000 savers and hold about €30bn in assets under management.

To spread the word about the campaign far and wide, Ansvarlig Fremtid collaborated extensively with other NGOs: through the '[92 Group](#)', that is named after the first UN Earth Summit in Rio, they were able to reach a large number of environmental and development organisations. Many among them, such as WWF, circulated calls to support the initiative to their supporters, which helped to raise the profile of the campaign.

Additionally Ansvarlig Fremtid managed to secure great coverage in the mainstream media: the Danish Broadcast Corporation's flagship 9:30 news programme reported live from one of the pension fund AGMs and even [international press](#) picked up on the story.

Pension fund resolutions

In Denmark, AGMs are held by pension funds that are set up as member associations; these are relatively common in Denmark. In some funds – subject to their legal status – members are able to file a resolution. Support from 1-25 members is needed to do so, subject to rules to the fund.

If successfully filed, all members of the fund get to vote on the resolution, typically at the AGM but some funds also allow for an electronic vote.

The resolution passes if more than 50% of the members' votes have been secured. The legal implications of a successfully passed resolution are however disputed. As it is generally acknowledged that the Danish pension sector needs to take the views of its savers in account, Danish legal tradition will generally expect the board to step down if it doesn't implement a resolution passed at an AGM.

Outcome & next steps

In three of the seven pension funds where the resolutions were filed, members voted in favour of the proposals to divest from coal and high-risk fossil fuel projects. However, one of these decisions was later overturned by electronic votes, resulting in just 40% of members voting in favour overall. In one other fund the vote was split evenly and the three remaining voted narrowly against the resolutions.

The awareness raising was so successful that a member of the Pension Fund for Lawyers and Economists (JØP) had even started a counter-campaign, arguing that the suggested actions would lead to lower returns. This led to a small majority against Ansvarlig Fremtid's resolutions (51% voted against).

While the pension funds have generally been very supportive of the heightened engagement by their members that has resulted from the campaign, not all of them have been overly enthusiastic about accepting the outcome of the resolutions. The Pension Fund for Lawyers and Economists has committed to taking bold climate action (even without successful passing of a resolution) but the MP Pension and the Architect Pension Fund have yet to demonstrate how they are putting the resolutions into action. Traditionally the boards of these funds would be expected to step down if they refuse to put the resolutions into action. In this case however the MP Pension and the Architect Pension Fund claim that divesting from certain fossil fuel projects would contradict their fiduciary duties – which is out of step with current thinking on fiduciary duty put forward by the DG Environment of the European Commission, stating that “no legal framework has been identified in the EU or any of its Member States that limits institutional investors from taking relevant environmental, social and governance (ESG) issues into account in their investment decisions.” It is yet to be seen how the situation will evolve and whether the funds will enact the resolutions or not.

There is lots more work to be done for Ansvarlig Fremtid, which continues to engage with the funds through individual meetings to make sure they adopt the resolutions in a meaningful, thorough way. Aiming to use the momentum of the 2015 Paris Climate Conference (COP21) outcomes, Ansvarlig Fremtid is considering filing more resolutions reflecting the results from COP21 and their implications for pension fund investment policy in 2016 to keep pushing investments to be in line with the global goals of limiting global warming to 1.5-2 degrees.

“ **Ansvarlig Fremtid have come up with constructive proposals, which are well worked through and have substantially raised the level of debate.**

- Anders Eldrup,
Chairman of the board of the
Pension Fund for Lawyers and
Economists (JØP),
6 May 2015

Learnings

One crucial element of the campaign is that Ansvarlig Fremtid put lots of effort into getting their financial argument right and refined their demands from full fossil fuel divestment to divestment of coal and particularly risky and carbon intensive projects. This helped persuade people from across different disciplines that their approach was the right one, and is vital for the follow-up engagement they are now undertaking with the funds. For their analysis Ansvarlig Fremtid draws on a wide array of the latest research in this field, from sources such as from Bloomberg, HSBC, CitiGroup and AODP. Carbon Tracker's influential report on [carbon cost supply curves](#) has further helped to shape their argument through demonstrating that investment in line with climate goals can enhance – instead of sacrifice – financial returns.

One of the biggest and most encouraging revelations for the team at Ansvarlig Fremtid has been that there are many people who really stand behind their goal for an investment approach that is compatible with a 2 degree scenario. They fundamentally support the basic question that Ansvarlig Fremtid poses: Does it really make sense to make investments that destroy our common future? For most people the answer is 'No'. The support of pension fund members provided real momentum to the campaign: instead of merely stating why climate-friendly investments are vital to combat climate change, they let the facts speak to those to whom pension funds are ultimately accountable – the individual pension savers.

To find out more

Ansvarlig Fremtid's campaigning website (in Danish) is [here](#).

You can read Carbon Tracker's report on carbon cost supply curves [here](#). More of their reports are [here](#).

Some coverage on the pension fund voting in the Guardian can be viewed [here](#).

Read about engagement efforts on challenging fossil fuel companies to come up with a 2 degree-compliant business plan [here](#).

To enable further exchange and skill sharing in campaigns like Fair Finance Guide, ShareAction is developing a European Network for civil society organisations. To find out more, don't hesitate to get in touch with ShareAction's European Outreach Officer, Friederike Hanisch, on friederike.hanisch@shareaction.org.

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