

8th December 2020

Dear Sir/Madam

I am writing to you with regard to the modernisation of the Energy Charter Treaty (ECT).

The Institutional Investors Group on Climate Change (IIGCC) has more than 270 members, mainly pension funds and asset managers, across 16 countries and representing over £33 trillion in assets under management. As the leading investor group on climate change in Europe, the IIGCC strongly supports the European Green Deal's objective of making Europe's economy climate neutral by 2050.

To align Europe's economy with net zero emissions, near term actions are needed to avoid further carbon lock-in of assets. This includes strengthened domestic energy and climate policies, and clarity from policymakers regarding the timetable for transitioning carbon intensive sectors and phasing out direct and indirect fossil fuel subsidies.

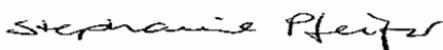
The Energy Charter Treaty is a multilateral agreement signed in 1994 which was designed to protect foreign investment in the energy sector by offering the ability to enforce substantive protections (such as prohibitions against discrimination and expropriation) through private arbitration. However the treaty also protects private fossil industry investments which is inconsistent with Europe's net zero climate ambition.

To address this inconsistency, and as part of modernising the Energy Charter Treaty, the EU Climate Law was amended by European Parliament on October 9 with [Amendment 143 on article 8a](#), stipulating that the Union: "*shall end protection of investments in fossil fuels in the context of the modernisation of the Energy Charter Treaty*".

We note that the European Council will be discussing the EU Climate Law at the upcoming Council meeting. IIGCC strongly encourages the Council to support this Amendment 143 on article 8a as part of the discussion.

We would welcome the chance to discuss this with you and thank you for your consideration.

On behalf of IIGCC,



Stephanie Pfeifer

IIGCC CEO

Pierre Gai-Levra, CEO, Anaxis Asset Management

James Corah, Head of Ethical and Responsible Investment, CCLA

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