

Local Government Pension Scheme Bulletin



Issue 9

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Engagement on Pension Fund Net Zero Climate Strategy

We are asking for employer views to help us prepare our Pension Fund Net Zero Climate Strategy, in recognition of the potential material effect of climate change and the response to climate change on the assets and liabilities of the Fund.

We would ask that employers produce a single organisational response: this may be best provided by a senior finance officer in your organisation.

Please submit a response in [our online consultation](#).

We are engaging on the following three primary measures:

- Net Zero by 2050 with an ambition for sooner
- By 2030, a 40% reduction in net carbon emissions from 2019 reported levels
- By 2030 reduce the carbon intensity of the Fund's equity portfolio by 50% from 2019 reported levels. This target will extend to other asset classes as common methodology is agreed

We are further engaging on six secondary measures that will support the delivery of the primary targets. These relate to fossil fuel exposure; asset coverage; allocation to climate solutions; the percentage of the Pension Fund's portfolio with underlying companies in material sectors that are aligned to net zero, and the percentage of the Pension Fund's financed emissions aligned to net zero.

As part of the engagement exercise, we are also asking for your views on divestment versus engagement and the use of carbon offsets.

At the same time, we are engaging with all scheme members and would encourage you to share this with your employees. The consultation will run from 5th July to

September 2022. Any comments and views received from Fund employers will be considered as part of a draft Net Zero Climate Strategy taken to the Local Pension Committee on 18th November 2022.

Regards,

Ian Howe

Pensions Manager