

**Statement by Head of Pensions read at Pension Fund Committee 13 December 2021**

The Pensions Committee are today considering a revised Responsible Investment (RI) Policy that is the culmination of over a year of deliberation and has been subject to consultation with each scheme employer in the Fund and tens of thousands of scheme members.

The proposed RI Policy is suitably ambitious, lending support to the Paris Agreement, support for a 'just transition' to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change and includes the setting of a net zero target. The Policy would lead to significant decarbonisation of the Fund and significant improvements in climate and stewardship reporting. The Fund is taking a lead role in working alongside other Funds in the ACCESS Pool, where the majority of the Fund's assets are held, to ensure these RI ambitions can be met.

In early 2022 the Committee is expected to be finalising plans to decarbonise the Fund's portfolio. The intention is for these plans to be fully aligned to an appropriate transition pathway and to have clearly expressed carbon reduction targets as milestones.

The Committee's fiduciary responsibility means that the primary purpose of such action is to manage the climate and carbon risk within the Fund's holdings. However, the Committee believes that keeping a global temperature rise this century to well below 2°C relative to pre-industrial levels is entirely consistent with securing strong financial returns.

The Committee's approach is one of engagement over blanket divestment of any sector or region. This is entirely consistent with the Paris Agreement and a 'just transition', as even the most ambitious transition pathways require a fuel mix that includes oil and gas decades into the future.

The Fund expects each of its investment managers to appropriately manage environmental, social and governance risks alongside financial risks, and constructively engage with investee companies on any issues identified. Should these issues not be addressed satisfactorily, selling or divesting from the individual stock remains an option.