



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	23 October 2019
Classification:	General Release
Title:	Carbon Exposure Report
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.
Report of:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> ptriggs@westminster.gov.uk 020 7641 4136

1. EXECUTIVE SUMMARY

1.1 This paper summarises:

- The carbon footprint of the Pension Fund's equity and property portfolios.

2. RECOMMENDATIONS

2.1 That the Pension Fund Committee notes and comments on the report findings.

3. CARBON EXPOSURE

3.1 The attached Appendix 1 breaks down the Pensions Funds Carbon exposure. The equity exposure is broken down by three main areas:

- **Carbon and Environmental Intensity:** This is broadly the amount of carbon produced by the equity investments on a relative basis.

- **Fossil Fuel / Stranded Assets:** This is fossil fuel exposure that the Fund has.
 - **Energy Transition:** This is how much energy contributes to the “energy transition” or assisting to offset carbon in the future.
- 3.2 The Pension Fund’s equity holdings exposure shows that growth manager Ballie Gifford has significantly less exposure to carbon intense and fossil fuel assets than the passive equity portfolio and the Majedie Portfolio.
- 3.3 The attached report also shows the MSCI World Low Carbon Index exposure as a comparator to the Fund’s current equity allocations.
- 3.4 The Pension Fund property portfolio is also responsible for carbon emissions. However, it is quite difficult to accurately estimate due to the fact that the properties are operated by individual tenants.
- 3.5 The information available to one of the Fund’s property managers, Hermes, shows a positive story, with carbon emissions reducing by 44% over the year.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Carbon exposure report