



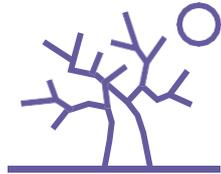
How we're investing for climate change



Climate change is happening!



Climate models predict that the world's temperature is likely to increase above 4 °C by the end of this century if things don't change.



This doesn't just threaten the quality of our day-to-day lives. It's a risk to virtually every sector of business and the wider economy itself.

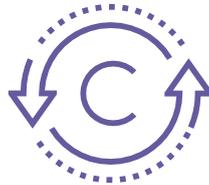


If we start to drastically reduce greenhouse gas emissions now, we can limit the rise in global temperature to 1.5 °C above the level it was at the start of the modern industrial era. This is the ambition of the Paris Agreement.

So what needs to be done?



The Paris Agreement is a landmark international agreement that was adopted by nearly every nation in 2015 to address climate change. It includes **commitments to cut their greenhouse gas emissions aiming for a zero emissions world by 2050.**



Changing our own everyday activities – recycling, saying no to plastic carrier bags, reducing our own energy consumption, for example – will only go so far.



The reduction of greenhouse gas emissions on a large scale requires support and investment. The world needs to shift our reliance from old fossil fuels like oil, gas, coal to renewable sources of energy like solar, wind, geothermal and new ideas for carbon reduction and hydrogen. This is the so-called 'energy transition' and it needs investment to support the planet and society – **that's where pension funds like ours come in.**

What are we doing?

As the UK's largest local authority pension fund at GMPF we need to also **use our influence** to help industry make changes too.



We invest in a wide range of companies, across multiple sectors globally, including energy and utility companies where we see that they are already moving in the right direction and have a willingness to transition and the potential to move forward to a lower carbon world. Investing in this way



gives the pension fund **a strong financial outlook and the ability to drive positive change.**

Our long-term goal is **for 100% of our investments to be compatible with the Paris Agreement ambition of net zero emissions by 2050.**



The goals in the Paris agreement show that the transition to a carbon neutral world is a journey that is achievable, but will take time and investment.

The firms that manage your money know and will invest in line with our ambition.

To invest or not invest? That is the question.



The world's biggest greenhouse gas polluters are central to the world economy as they provide:

- heating for your homes
- fuel for your cars
- steel to build wind turbines

and much more.

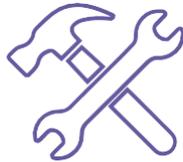
If these companies are not able to change then the world is very unlikely to transition to the lower carbon world that we need to be in. **If they are able to transition the world becomes a better place.** This requires a lot of action on the part of governments, industries, and every one of us.

So as a pension fund we have the money available to support the industries and companies that are investing in the technology and infrastructure for the benefit of all.

Why do we invest in the energy and oil companies?



Looking at oil and gas companies we believe they are critical to world as it is now and the new future. **They are able to generate huge cash flows** from declining oil production which can be invested in renewable energy and other low carbon technologies.



They have the benefit of experience in large investment and complex engineering projects which will play an important role in the transition.



They are some of the best placed companies to support new energy sources to meet society's needs.

By not investing we give away the influence that we can have with these companies to investors who may care less than we do. This is not an outcome we want for the future for you, the fund or the generations to come.

How much influence can we really have over the world's biggest polluters?



We are the largest UK local authority pension fund in the UK with over £22 billion to invest, but by standing with other investors who share our beliefs and goals then **the collective power we can bring can change the future of the world.**



Together with our largest asset manager UBS, we are part of Climate Action 100+, which is **a collaborative initiative aimed at influencing high greenhouse**



gas polluters, together with companies globally to drive the clean energy transition and help achieve the goals of the Paris Agreement on climate change.

So what is Climate Action 100+?



Climate Action 100+ is

615

investors working
together

With

\$55 trillion

in assets

Working with

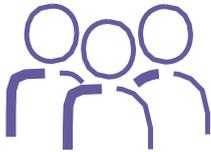
167

companies

Who make up

80%+

global industrial
emissions



The combined strength of Climate Action 100+ means we can engage with senior management in companies to help change their views, business plans and activities, helping them transition to a lower carbon future.



Influence can come from speaking to companies and it can also come from voting at company meetings. **The vote we have has a major part to play in driving change.**



If we do not invest in these companies we have no vote and no longer have a say. **Voting at company meetings is one of the most important ways we can help address the climate challenge.**

Our approach is working

Since 2018 our largest pension fund manager UBS, as part of Climate Action 100+, has been **working with BP to help them develop a decarbonization plan, to reduce their greenhouse gas emissions and to spend their money in line with the goals of the Paris Agreement.**

At the beginning of 2020, **BP announced a 'net zero' emissions target to reduce emissions by 2050**, and to have completed a global review of lobbying activities on climate change.

BP now has a climate response plan in place with six targets for 2030. All of these actions will help BP transition to a more sustainable future:

30–40%

reduction in carbon emissions

30%

reduction in refinery throughput

\$5bn

investment per year into carbon renewables
10 x increase from today

Increased

renewable generating capacity

40%

reduction in oil and gas production compared to 2019 levels

70,000

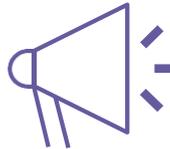
new electric vehicle charging points
10 x increase from today

Stronger together!



Stronger together as an industry and stronger together working in partnership with the largest polluters.

Together can we make real progress.



We can speak with companies together – with a louder voice as we are a bigger pool of money that's invested in their company.

We can also **share our collective knowledge** to help them reduce their carbon emissions, using new technology and infrastructure.



We can also **invest money in those companies** – via shares or directly investing – to help them buy that technology or build new infrastructure.

Let's use our power for positive change.

Find out more about
how we invest in climate change at:

www.gmpf.org.uk/about/how-does-gmpf-invest