

PENSIONS COMMITTEE 17 JANUARY 2022

PUBLIC QUESTION TIME

1. Question from Clare Cooper

Since the fund aims to help manage climate change and has undergone 'extensive training' this is my question:

Has the Committee had any presentations from climate scientists in the last 18 months? If so, please give details of the name(s) & qualifications of the scientist(s) and the relevant dates.

Response:

No. As no one is questioning the science behind climate change.

2. Question from Kris Welch

The Council divestment motion of July 2020 was supported by Shropshire Council and Telford & Wrekin Council. The pension fund has sought to minimise the weight of these council decisions by commenting that they are just two of the Fund's 160 employers.

Will the Committee acknowledge that:

1. Shropshire Council and Telford & Wrekin Council between them represent a substantial majority in terms of payments into the fund, contributing over 60% of employer contributions?
2. That other employers have also supported the divestment motion, notably the Severn Gorge Countryside Trust and town councils including Shrewsbury, Oswestry, Wem and Much Wenlock?

Response:

Answer to Question 1 - Shropshire County Pension Fund is a long term investor representing over 50,000 members, only some of who are current, active members making contributions. Shropshire Council and Telford and Wrekin Council employer pension contributions amounted to £27.6m in 2020/21, and this represents 1.26% of the total Fund value of £2.194 billion as at 31 March 2021.

Answer to Question 2 - That is correct. For context, the total active, deferred and pensioner membership numbers of these employers amount to 174 members out of SCFP Membership of over 50,000.

3. Question from Paul Cooper

Today the Shropshire County Pension Fund is set to make a historic choice between a policy of engaging with fossil fuel companies to seek change, or divesting from them as being financially unreliable, and climatically and environmentally ruinous.

Given the huge amount of public interest in this issue right now, I and other pension fund members are not happy to have never been balloted on this issue – an issue that affects far more than our pensions, since it decides our very survival on this planet.

Will the Committee take the courageous decision to divest from fossil fuels, or defer a decision until pension members have been balloted?

Response:

It is wholly inaccurate to suggest the issues cited in this question affect any members pensions; Shropshire County Pension Fund is a defined benefit scheme. The Pension Committee has responsibility for approving the Fund's investment strategy following detailed advice from investment advisors, its independent advisor, Officers and LGPS Central (it's investment pooling company). Decisions are made in accordance with this strategy via strong and robust governance arrangements. The Investment Strategy Statement, Climate Strategy Statement & Stewardship Plan and Funding Strategy Statement are all consulted on with employers of the Fund.

4. Question from Dr Jamie Russell

SCPF's 2021 Climate Risk Report (prepared by LGPS Central) relies on the IPCC's "**Climate Change 2013: The Physical Science Basis**" - part of the IPCC Fifth Assessment Report (AR5). However, in August last year, the IPCC published an updated report: "[**Climate Change 2021: the Physical Science Basis**](#)" - part of the IPCC Sixth Assessment Report (AR6).

Much has changed in the 8 years from 2013 to 2021, and there are critical differences in the findings of these reports. For example, the 2021 report states: *"Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, and, in particular, their attribution to human influence, has strengthened since the Fifth Assessment Report (AR5)."*

Furthermore, the [**European Union's Copernicus satellite agency**](#) recently reported that globally the seven hottest years on record were the last seven (2015 - 2021) "by a clear margin". SCPF's 2021 Climate Risk Report does not even mention this significant and sustained increase in global average temperature.

Please can the Committee explain why the Climate Risk Report relies on the IPCC's **2013 report**, when the **2021 report** was readily available? As a matter of the utmost urgency, will the Committee now commission a reliable and accurate climate risk report, prepared by genuinely independent experts and based on the most recent understanding of climate science and including an analysis of the accelerating climatic changes of the last 8+ years? Will the Committee then review any decision on divestment in the light of this more accurate information?

Response:

It is accepted that by being one of the first Pension Funds in the country to commission a Climate Risk report, there will be more information that becomes available to later adopters as time progresses. SCPF's 2021 Climate Risk Report was commissioned in April 2021, several months prior to the release of the IPCC Sixth Assessment Report (AR6). The IPCC Fifth Assessment Report (AR5) is one of the many sources of information used in the preparation of the Climate Risk Reports,

however more recent and up to date references are more heavily relied upon and include the IPCC's Special Report on 1.5°C.

We want to be clear that these scientific analyses form the foundations of the Climate Risk Reports and are the principal reason why the reports were originally commissioned. SCPF recognises that climate action failure is the stand-out risk the world faces in likelihood and impact, and has committed to using the best available tools to identify, understand and assess this risk.

As such, the tools used in the Climate Risk Report do include some of the best available techniques to analyse climate change risks. Section 4.4. relies on data from MSCI, a fully independent, third-party vendor. MSCI source their carbon data from publicly available sources, using robust estimation methodologies where data is not available, and LGPS Central report on these MSCI-provided figures in the Climate Risk Report. The metrics analysed in section 4.4 are in accordance with the Task Force on Climate-Related Financial Disclosures reporting requirements and the GHG Protocols. In addition, the Climate Scenario Analysis utilised in 2020 was provided by Mercer, another entirely independent, third-party provider.

Any future Climate Risk Reports will continue to ensure that the best available techniques, sourced from fully independent expert providers are utilised, and that the most recent scientific information is reflected within.

5. Question from Suzanne Freegard

The Council Motion Report for this meeting states: "[Pensions Committee] Members have been on an extensive programme of training provided by Responsible Investment and Climate Change industry experts and investment managers on all climate related issues over the last 18 months..."

Approximately how many hours of training did the members of the Committee receive in total, and of this how many minutes/hours were spent examining the case for divestment from fossil fuels?

Which organisations provided training on divestment and how were they selected; which of these were providing engagement services to Shropshire County Pension Fund and which were not; and which provided case studies on the process of divesting and on positive experience of divesting?

Response:

Details of all the training received over the last 18 months are included within the table in paragraph 13.1 of the Council motion report. All Pension Committee agendas, reports and papers appear on the Council's website with names of the organisations and individuals delivering the training. Members have also attended webinars and a Responsible Investment Summit training day on the 13 October 2021 run by LGPS Central which all Pension Committee and Pension Board members were invited to. A host of Responsible Investment industry experts from both the public and private sector presented at this all day virtual event.

6. Question from Nat Harlow

Don't Look Up is a satirical Hollywood film starring Leonardo Di Caprio as a scientist who is trying to warn the world about an impending comet strike that will wipe out all life on Earth. No one listens to the science and everyone refuses to look up, encouraged by vested interests to believe that all will be well. Do members of the

Pension Committees feel that they have sufficiently listened to the science on the climate crisis and the need to divest from fossil fuels? Are they looking up at the impending disaster or down at the ground?

Response:

The science behind climate change has not been challenged by any Pension Committee Members. Pension Committee members have, nevertheless, been on an extensive programme of training over the last 18 months on climate related issues and in relation to their responsibilities.