

# NET ZERO STATEMENT

JANUARY 2022

**Since its inception in 2018, LGPS Central Ltd has been committed to integrating environmental, social and governance considerations ('ESG'), including climate change, into its investment processes in accordance with the requirements of our partner funds.**



We have a shared belief that doing so improves investment outcomes and reduces the associated risks. LGPS Central has engaged extensively with investee companies and Governments on climate related matters including decarbonisation and Paris alignment. It is our conviction that our responsible investment activities are fundamental to the delivery of our fiduciary responsibilities.

If we are to collectively limit global warming to 1.5°, the next 30 years will herald an unprecedented global transformation of the real economy and investment markets. This transformation will result in an even stronger focus on ESG integration, climate risk management and stewardship, to both fulfil fiduciary responsibilities and to accelerate the transition to a low carbon economy.

We at LGPS Central Ltd formally commit to transitioning our investment portfolios to Net Zero greenhouse gas emissions (GHG). This commitment will provide additional focus and transparency to our response to the current climate emergency. It will help frame our conversations with external managers and with our investee companies, reinforcing our expectations around climate risk management and establishing parameters around the decarbonisation of our investment portfolios.

We will utilise the Institutional Investor Group on Climate Change's ('IIGCC') Net Zero Investment Framework to achieve Net Zero emissions across our internally and externally managed portfolios by 2050 (or sooner), focusing initially on Listed Equities, Corporate Bonds, Sovereign Bonds and Real Estate. In addition, we will have an interim target where we will aim to achieve a 50% reduction in GHG emissions by 2030 across our equity and fixed income portfolios. We are committed to extending our focus to include other asset classes as reliable data become available and to provide attractive investment opportunities in the renewable energy and green tech sectors to match our partner fund's demands.

In accordance with the objectives of our partner funds, our aim is to achieve a real reduction in GHG emissions rather than an avoidance of them. We will engage with investee companies to achieve this aim and expect our external managers to do the same. We will challenge corporate management on their reporting of GHG emissions, their strategies, and activities to reduce emissions, their use of off-sets and their lobbying activity. We will escalate concerns where necessary and use our voting rights accordingly. A commitment to achieving Net Zero is not a replacement for robust ESG analysis and we will continue to have high expectations of our external managers and expect our investment portfolios to reflect this detailed scrutiny.

LGPS Central Ltd was established to offer sustainable investment solutions to our eight Partner Funds across all asset classes and our approach to Net Zero is consistent with our fiduciary responsibilities and our objective of delivering superior risk adjusted investment returns, which remains our priority.

Whilst this commitment is on behalf of LGPS Central Limited and is in respect of the assets stewarded by LGPS Central the commitment is made with full support of the 8 partner funds that make up the pool.

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**LGPS Central Limited**

