



Friends of the Earth – February 2021 report on Local Authority Pension Fund investments in Coal, Oil and Gas

22 February 2021

The West Midlands Pension Fund manages and administers Local Government Pension Benefits for and on behalf of local authority and other employers delivering public services across the region.

As a pension fund, we have long term liabilities funded through contributions and investment returns supported by sustainable governance and responsible stewardship. We take an active approach to managing Climate Change risk, as part of our overriding objectives to ensure we are able to pay pension benefits when they fall due

We are aware of the report published by Friends of the Earth and have raised direct queries with the author in relation to the figures reported for our Fund which are inaccurate **resulting in a gap and error which overstate the West Midlands' exposure. We have sought corrective publication of the data.**

We are aware and welcome the stance taken by Wolverhampton and Authorities across the West Midlands region to declare climate emergency and take action to support the region in achieving net zero climate emissions.

Alongside and supported by our regional Authorities, the West Midlands Pension Fund adopted a dedicated Climate Change Framework and Strategy in 2019 which has led to the review and renewal of our investment strategy with implemented changes to improve climate credentials of the Fund's portfolio of global investments.

The Fund is one of the first UK pension schemes to publicly disclose year on year climate metrics and we note the [West Midlands 2020 climate disclosure report](#) is referenced within the Friends of the Earth research. In addition, the Fund has made climate-related disclosures in line with recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD) since 2017 and was noted as "more engaged" by the House of Commons Environmental Audit Committee in [May 2018](#).

The Fund remains committed to supporting the goals of the Paris Accord and has brought forward the next review of its Climate Change strategy to 2021/22, reflecting the increased pace of developing research and policy.

We continue to believe engagement is a more effective tool than divestment and recognise the role investors can play in continuing to drive for a timely and just transition in response to Climate Change, noting that no one party can achieve this alone. Demand-led action and technology development will play a critical role in shifting production and increased use of renewable energy.

The Fund is actively supporting the work of the Institution Investors Group on Climate Change (IIGCC) and development of the Net Zero Investor Framework. Further details of the Fund's response on Climate can be found in our latest published [Statement on Climate Change](#).

Rachel Brothwood, Director of Pensions

West Midlands Pension Fund continues to raise the agenda for climate awareness, risk assessment and increased disclosure through engagement, targeting an increased pace of action on Climate Change.

The data and tools to measure and monitor climate risk exposure need much further development to inform decision making by long-term asset owners. The Fund has taken the decision to publish its work to date to demonstrate how increased company disclosure is starting to inform investment decisions.