

WMPF Climate Change Position Statement September 2021

**The West Midlands Pension Fund engages and collaborates to drive meaningful change on a global scale.**

Through strategically aligned investment in climate solutions, the West Midlands Pension Fund (“WMPF/ the Fund”) is supporting the rapid economic transition and behavioural change required to strengthen and align with the 1.5°C Paris Agreement ambition. The Fund shares best practices with industry partners to contribute to climate awareness, influence local and national policy makers and accelerate wider action in society.

WMPF acknowledges the pressing and increasing pace of action on climate change; with the UN Climate Change Conference of the Parties (COP26 Summit) due to take place in Glasgow in November 2021, this is a critical year for both financial institutions and policy makers in accelerating action towards the goals of the Paris Agreement.

The Fund is actively involved in developing globally adopted standards for net zero investors through the Institutional Investors Group on Climate Change Paris Aligned Investment Initiative working group (IIGCC PAII), the objective of which is to define the investment practices, policies and corporate behaviours required to address climate change on a global scale.

WMPF plays an ongoing role in climate change campaigning and through the Local Authority Pension Fund Forum, pledges support for the ‘Say on Climate’ initiative, which encourages all listed companies to submit a Climate Transition Action Plan to a shareholder vote at their AGMs.

The Fund recognises the risks associated with climate change and the potential for these to impact on the long-term value of the Fund investments, but also the opportunity for investment reward. In line with the Fund’s fiduciary duty, WMPF aims to invest in opportunities where positive environmental and social outcomes are expected to correlate with positive financial performance. Over the last two years the Fund has:

- **Transitioned £2 billion of equity holdings to sustainable and low carbon investment strategies**
- **Reduced the weight of its carbon footprint by 30%**
- **Increased investment in clean technology by 17%**
- **Reduced its weight of exposure to fossil fuel reserves by almost 40%**

Looking forward, stakeholders should expect to see climate considerations acquire increasing prominence across our portfolios. Along with maximising the financial performance of the Fund, we see both obligation and opportunity in continuing to improve the climate credentials of the Fund and we will continue to publish our progress through routine reporting.

We expect that our Climate Change Framework will both inevitably, and desirably, evolve as climate related financial tools and data availability advance, and the understanding of the complex issues, evident in practical and academic research, improves. Governments are increasingly focusing their spending on climate-friendly policies, ensuring that investors, such as WMPF, can exploit more and better investment opportunities.

What will not change is our conviction that action is needed, at an increasing pace, to meet the challenges that climate change brings to us all, the Fund included. We believe that an increased rate of progress requires that all companies, industries, governments and policy makers, capital markets, asset owners and individuals act together and with a common goal. We aim to adopt a leading role as a responsible asset owner will continue our programme of active engagement and communication to inform the debate.