



LAPFF Statement on Climate Change

LAPFF recognises the impacts that climate change is likely to have on the global economy and society as a whole. It is LAPFF's view that the scale of these impacts is such that a proactive and precautionary approach is needed in order to address them.

As long term investors, LAPFF members are aware that the risks and opportunities associated with climate change may have a material impact on the financial performance of their portfolios.

The Forum believes that companies have a unique role to play in addressing the challenges posed by climate change not only because they are emitters of greenhouse gases, but also as they are providers of short and long-term solutions to decarbonising the economy and adapting to climate change. The LAPFF mission is to 'promote the investment interests of local authority pension funds, and to maximise their influence as shareholders whilst promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest'. In line with this mission, the Forum aims to encourage companies to incorporate relevant considerations into their business strategy and to identify and disclose related- performance indicators including appropriate long-term emissions targets. In so doing, the Forum's aim is to reduce the carbon footprint of the companies in which its members invest.

Companies will be exposed to risk if they are unprepared for the potential impacts associated with climate change. Such impacts include direct physical changes in the form of more extreme weather conditions and other impacts such as legislative measures enacted by government, reputational risk and overall systemic market risk. The degree to which a company is prepared for these changes will impact the company's bottom line and therefore shareholder value.

Our members are interested in maintaining the long-term health and efficiency of global capital markets which are underpinned by sound underlying economics. We believe that climate risk has the potential to disrupt this goal. As such, our members are committed to addressing climate-related risk where it exists at investee companies and membership of the Forum provides a contribution to this effort. Members are also interested in investment opportunities afforded by a low-carbon future which increase diversification and provide long-term returns around a low carbon future.

LAPFF's approach will be evidence based, pragmatic and based on collaborative engagement, focusing on research, corporate engagement, AGM voting recommendations, engagement with fund managers, collaboration with other investors and government lobbying activities. The Forum sees collaboration as a useful tool for engagement as it maximises the collective influence of a large shareholding. The Forum believes that by pooling its expertise, shareholding and resources with that of other investors it is able to exert a greater influence than it would be able to on its own and in so doing extend its influence beyond the UK. The Forum is an active member of investor networks such as the UN Principles for Responsible Investment clearing-house as well as the Investor Network on Climate Risk.