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## **Pension funds welcome BG's emissions reduction target**

The Local Authority Pension Fund Forum (LAPFF) has welcomed BG Group's introduction of an external target to reduce its group-wide greenhouse gas (GHG) emissions.

Under the target, published in its 2007 Annual Report and Accounts and its CSR Report, BG Group has committed to investing in operational and new project improvements to deliver one million tonnes (compared to a no action base case) of sustainable GHG reductions by 2012 - approximately 8% of forecasted 2012 group GHG emissions. BG Group will report annually on its performance towards this one million tonnes target and will subject these reports to external verification.

BG's decision comes in the wake of a three-year engagement process. LAPFF has encouraged UK oil and gas companies to shore up their approach to dealing with climate change risks by setting GHG emissions reduction targets, and has been engaging with BG over this issue since 2005. The Forum's work with BG Group was in part due to its lack of a published external group-wide emissions reduction target.

Following correspondence with the company the Forum acknowledged the difficulty BG Group had faced in setting an appropriate GHG target for the whole Group, given it is a rapidly expanding business with relatively new and efficient facilities. Appreciating that BG Group has been looking at the possibility of target setting to drive GHG emissions reduction and has had an internal target in place for some time, the Forum has been closely following developments at the company. The setting of a public target is the culmination of this process.

The Forum welcomed BG Group's decision to set a publicly available external target, which clearly demonstrates the company's commitment to transparency in its efforts to combat climate change. BG Group now joins the ranks of other FTSE100 companies with established targets.

BG's decision comes in the context of further moves to improve reporting. In March this year, Lord Rooker passed an amendment in the House of Lords to the Climate Change Bill for enabling powers for mandatory carbon reporting in a company's annual reports. In common with the members of the Aldersgate Group<sup>1</sup>, the Forum had called for mandatory reporting of GHG emissions in its response to the Climate Change Bill.

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<sup>1</sup> a broad coalition of environment agencies, NGOs, think tanks and industry representatives that believe that high environmental standards are essential for the UK's future economic well-being and competitiveness

Cllr Ian Greenwood, chair of the Forum, said: “This not only represents an important step towards increased accountability and transparency on behalf of the company, but also demonstrates a strong commitment by the company to reduce its emissions and ensure it is well prepared to deal with any climate change-related risks. BG Group has set a benchmark for other companies to follow.”

About LAPFF:

The Local Authority Pension Fund Forum (LAPFF), which was set up in 1991, is a voluntary association of 48 public sector pension funds based in the UK. It exists ‘to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.’ The Forum’s members currently have combined assets of over £95 billion.

**For further information contact:**

Cllr Ian Greenwood, Chair, LAPFF  
C/o LAPFF Secretariat,  
Bradford City Council,  
Britannia Ings, Bradford  
Tel no : 01274 432 084  
Email: [ian.greenwood@bradford.gov.uk](mailto:ian.greenwood@bradford.gov.uk)

Laura Aarnio  
Consultancy Services Executive  
PIRC Ltd  
Tel no: 020 7392 7875  
Email: [lauraa@pirc.co.uk](mailto:lauraa@pirc.co.uk)

Tessa Younger  
Consultancy Services Manager  
PIRC Ltd  
Tel no: 020 7392 7880  
Email: [tessay@pirc.co.uk](mailto:tessay@pirc.co.uk)