

2021 Global Investor Statement to Governments on the Climate Crisis

NEC Limited Pension Fund and NEC Limited Executive Pension Scheme

August 2021



Executive summary

- We recommend that all our clients consider signing the 2021 Global Investor Statement to Governments on the Climate Crisis (“2021 statement”). This would demonstrate their support for stronger government action to address climate change, helping to mitigate the long-term systemic risks to the financial system and hence members’ pension benefits.
- Signing the statement is a simple action for trustees to take. It is a form of policy advocacy, recognised as an important component of stewardship, and could be reported in your next Implementation Statement as evidence of your activity in this area.
- This paper provides: background information on the 2021 statement; summarises the key points you would be endorsing; and, explains how to sign up.

Rob Guthrie

Partner

020 7432 6797

Rob.guthrie@lcp.uk.com



Background



Each year, The Investor Agenda (a collaboration involving the Institutional Investors Group on Climate Change (“[IIGCC](#)”) and its equivalents in other regions) organises a [global investor statement](#) on climate change. The 2021 statement was released on 10 June 2021, to coincide with the G7 meeting. Its signatories include:

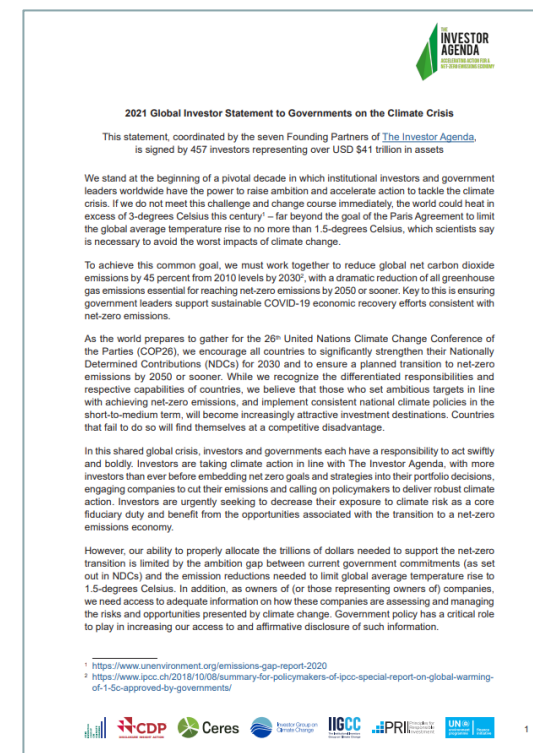


The IIGCC’s press release said:

*“**457 investors** managing more than **US\$41 trillion** in assets have released a new joint statement to all world governments urging a global race-to-the-top on climate policy and warning that laggards will miss out of trillions of dollars in investment if they aim too low and move too slow.*

This represents the largest collective assets under management to sign on to a global investor statement to governments on climate change since the first statement in 2009.”

The 2021 statement is **open for investors, such as trustees and asset managers, to sign** before the 26th United Nations Climate Change Conference of the Parties (“COP26”) takes place 1-12 November 2021.



Key points from the statement

The 2021 statement calls on all governments around the world to:

1. **Strengthen their Nationally Determined Contributions¹** for 2030 before COP26, to align with **limiting warming to 1.5°C** and ensuring a planned transition to net-zero emissions by 2050 or sooner.
2. **Commit to a domestic 2050, net-zero emissions target** and outline a pathway with ambitious interim targets including clear decarbonisation roadmaps for each carbon-intensive sector.
3. **Implement domestic policies to deliver these targets** by:
 - a) incentivising private investments in zero-emissions solutions; and
 - b) ensuring ambitious pre-2030 action through:
 - robust carbon pricing;
 - removing fossil fuel subsidies by set deadlines in line with credible 1.5°C pathways;
 - avoiding new carbon-intensive infrastructure (e.g. no new coal power plants); and
 - developing just transition plans for affected workers and communities.
4. **Ensure COVID-19 economic recovery plans support** the transition to net-zero emissions and enhance resilience.
5. **Commit to implementing mandatory** climate risk disclosure requirements aligned with the Task Force on Climate-related Financial Disclosures (“TCFD”) **recommendations**, ensuring comprehensive disclosures that are consistent, comparable, and decision-useful².

¹Nationally Determined Contributions (“NDCs”): The Paris Agreement requests each country to outline and communicate their post-2020 climate actions, known as their NDCs. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change.

- We support the requests made to governments in the 2021 statement. Strong governmental action is urgently needed to meet the Paris Agreement goals, which is vital to protect the long-term health of the economy and financial system, and hence members' pensions benefits. Such action is more likely if governments know it is supported by investors. The greater the number of signatories to the statement, the stronger the signal to governments.
- We therefore recommend that the Trustees read the [2021 statement](#) in full and decide if you can endorse it. If so, **you can sign it by completing a short and simple online form** on [The Investor Agenda website](#).
- Signing the statement would not commit the Trustees to any further action.
- Signing the statement is a form of policy advocacy, recognised as an important component of stewardship. It is a simple way for the Trustee to exercise stewardship beyond its existing manager oversight.
- If you sign, you may wish to mention your support in your next Implementation Statement and/or member newsletter, as evidence of your commitment to addressing climate risks and undertaking stewardship.
- The deadline to be included in the second announcement of signatories is 30 August 2021. The ultimate deadline is expected to be mid-late October.

1. The statement includes (under point 5, page 2) a call for mandatory TCFD reporting. Does that mean it is encouraging the UK to extend TCFD reporting to all pension schemes, and not just those currently in scope of the Pension Schemes Act 2021 requirements (ie Master Trusts, those above £1bn AuM)?

The IIGCC have confirmed that they are “comfortable with the UK Government’s roadmap for TCFD reporting and are not calling for this to be extended, the aim of this section [point 5, page 2] of the Statement is to call on other governments who have not made commitments regarding mandatory TCFD reporting to do so.”

2. Are there any well known asset managers who haven’t signed this statement?

One large manager that hasn’t signed this statement is BlackRock. When we asked why, they replied with the following:

“I confirm that BlackRock opted not to sign a similar statement that was being organized by IIGCC and others associated with the Net Zero Asset Managers Initiative. We used the below talking points to decline joining on to that statement and the organisers of the IIGCC statement were very understanding of the below explanation:

We very much support the agenda and the spirit of the statement. We are in a transitional period as we have new leadership in both our sustainable investing and public policy divisions. We are currently working to develop a more comprehensive approach to public policy on climate. As we work through that process, we are trying to avoid signing statements that indicate positions beyond what we have already stated publicly in our own name. Unfortunately, that means we are unable to sign the statement this year and we look forward to continued partnership with you on these important issues.

Please note that we are actively participating in a number of organizations that organized the statement including the Net Zero Asset Manager’s Alliance.”

Our team

Contact us

Rob Guthrie Partner

+44 0207 432 6797
rob.guthrie@lcp.uk.com



The use of our work

This work has been produced by Lane Clark & Peacock LLP under the terms of our written agreement with the Trustee of the NEC Limited Pension Fund and NEC Limited Executive Pension Scheme ("Our Client").

This work is only appropriate for the purposes described and should not be used for anything else. It is subject to any stated limitations (eg regarding accuracy or completeness). Unless otherwise stated, it is confidential and is for your sole use. You may not provide this work, in whole or in part, to anyone else without first obtaining our permission in writing. We accept no liability to anyone who is not Our Client.

If the purpose of this work is to assist you in supplying information to someone else and you acknowledge our assistance in your communication to that person, please make it clear that we accept no liability towards them.

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583). All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm's principal place of business and registered office.

The firm is regulated by the Institute and Faculty of Actuaries in respect of a range of investment business activities. Locations in London, Winchester, Ireland and - operating under licence - the Netherlands. © Lane Clark & Peacock LLP 2021

<https://www.lcp.uk.com/emails-important-information/> contains important information about this communication from LCP, including limitations as to its use.