



Report to Pension Fund Committee

Date: 15th November 2023

Reference number: N/A

Title: Carbon Metrics Report

Relevant councillor(s): N/A

Author and/or contact officer: Julie Edwards, Pensions and Investments Manager

Ward(s) affected: none specific

Recommendations: The Committee is asked to note the Buckinghamshire Pension Fund carbon metrics for the year ending 31st December 2022.

Executive Summary

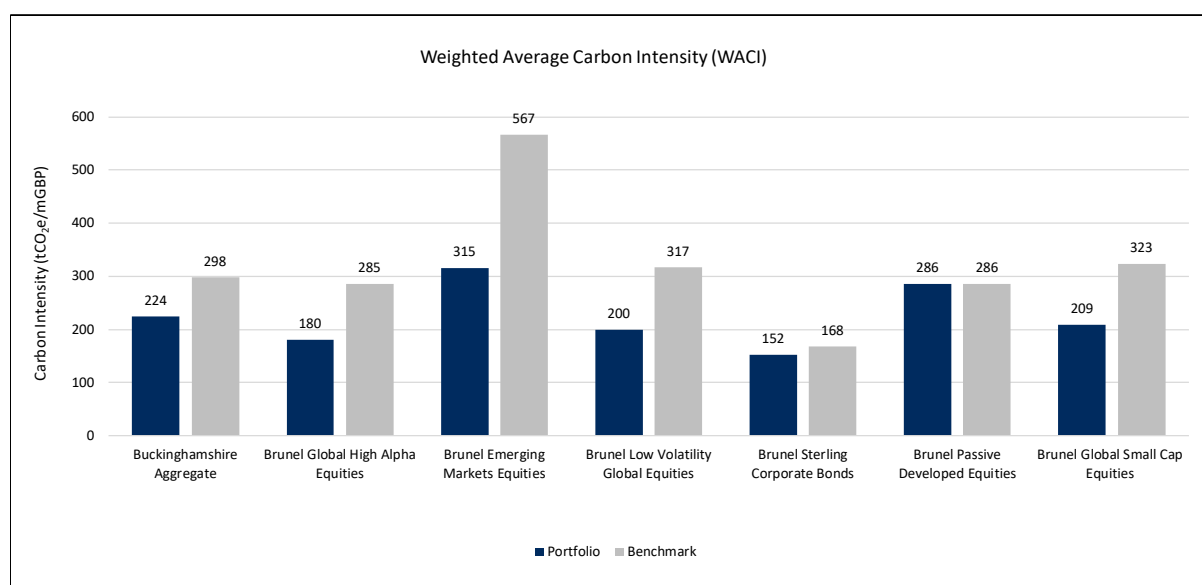
1.1 Brunel in partnership with Trucost have analysed the Buckinghamshire Pension Fund's carbon footprint as at 31st December 2022. The Weighted Average Carbon Intensity (WACI) in December 2022 is 25% below the benchmark of 298 tCO₂e/mG. The reduction in the Buckinghamshire Pension Fund's WACI compared to 2019 represents good progress towards achieving a 50% reduction in emissions by 2030.

Content of report

1.2 Brunel in partnership with Trucost have analysed the Buckinghamshire Pension Fund's carbon footprint as at 31st December 2022. Brunel's intention is to align its investments with the targets set under the Paris Agreement (which aims to limit climate change to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels) in relation to greenhouse gas emissions and carbon neutrality. Brunel have committed to a 50% reduction in emissions by 2030 (relative to emissions reported as at 31 December 2019), and to net zero by 2050. The Committee is supportive of Brunel's ambitions.

1.3 The WACI for each portfolio and for the Buckinghamshire Pension Fund total equity and corporate bond holdings as at 31st December 2022 is shown overleaf. A custom Strategic Benchmark has been used so that the Buckinghamshire Aggregate Portfolio can be measured against a meaningful comparator. This is made up of the individual

benchmarks from the underlying Brunel Portfolios and weighted accordingly, as of 31 December 2022. The Buckinghamshire Pension Fund total WACI has increased from 215 tCO₂e/mGBP in December 2021 to 224 tCO₂e/mGBP in December 2022. The WACI in December 2022 is 25% below the benchmark of 298 tCO₂e/mGBP.



1.4 It is disappointing that there has been a small increase in the Buckinghamshire Pension Fund carbon footprint (WACI) during the year. This should be seen in the context that 2022 saw negative returns across the markets particularly in growth stocks. Many companies with lower carbon footprints lost value, while value stocks, including oil companies, performed much better in financial terms and therefore formed a larger part of the market.

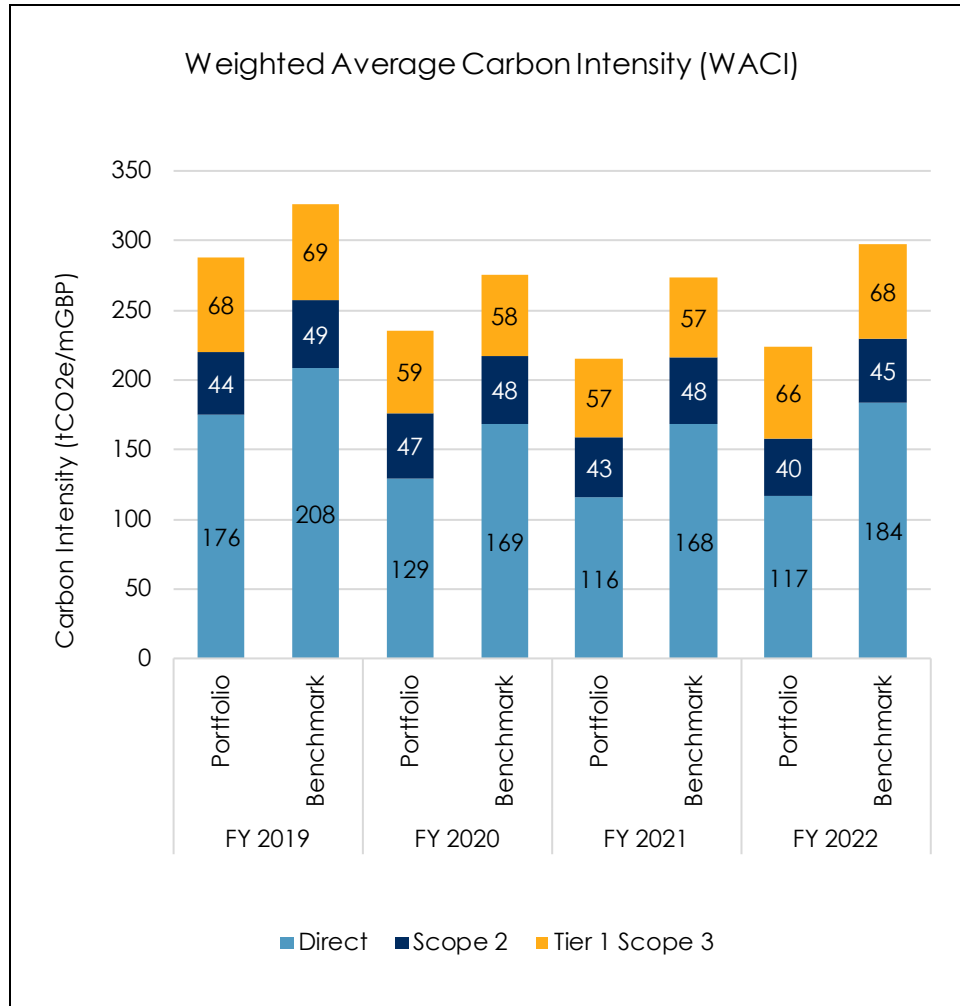
1.5 As a consequence, the WACI of the benchmarks that our investments are compared to increased from 273 tCO₂e/mGBP to 298 tCO₂e/mGBP in 2022, so the modest increase in the Buckinghamshire Pension Fund's WACI in these circumstances is a reasonable outcome.

1.6 Calculating the impact of a company's emissions involves looking not only at the operations of the company itself, but also looking at the impact of the products that it sells and the impact of its supply chain. Emissions are therefore split into scope 1, scope 2 and scope 3 emissions:

- Scope 1 – The direct emissions of the company's own operations.
- Scope 2 – The emissions related to the purchase of electricity, steam, heating and cooling for the company's use.
- Scope 3 Upstream– The emissions of the company's supply chain.

- Scope 3 Downstream – The emissions associated with the companies’ products as they are consumed by customers.

1.7 Progress since December 2019 is shown in the following graph analysed by direct, scope 2 and tier 1 (upstream) scope 3 emissions.



1.8 Progress since December 2019 is summarised in the following table compared to the benchmark.

31 st December	Portfolio	Benchmark	Difference	Difference %
2019	288	326	-38	-12
2020	235	275	-40	-14.5
2021	215	273	-58	-21.2
2022	224	298	-74	-24.8

1.9 The reduction in the Buckinghamshire Pension Fund's WACI since 31st December 2019 represents good progress towards achieving a 50% reduction in emissions by 2030.

Other options considered

1.10 Not applicable.

Legal and financial implications

1.11 There are none arising directly from this report.

Corporate implications

1.12 Not applicable.

Consultation and communication

1.13 Not applicable.

Background papers

Brunel Pension Partnership 2023 Responsible Investment and Stewardship Outcomes Report (for the year ending 31 December 2022)

[2023 Responsible Investment and Stewardship Outcomes Report
\(brunelpensionpartnership.org\)](https://www.brunelpensionpartnership.org)

