



Business Energy Transformation
Department for Energy Security and Net Zero
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Call for Evidence: Scope 3 Emissions in the UK Reporting Landscape

Dear Consultation Team

We welcome this call for evidence in line with the UK Government's support for the development of international standards for the disclosure of sustainability-related information.

Border to Coast is wholly owned by 11 local government pension scheme (LGPS) funds (our 'Partner Funds') who, collectively, have c.£58bn of investments. As a long term, strategic investor, Responsible Investment is central to our corporate and investment philosophy.

We have reported in line with the Task Force on Climate-Related Financial Disclosures reporting requirements since 2019 and earlier this year published our first [Climate Change Report](#) detailing our progress towards achieving Net Zero greenhouse gas emissions across our investment portfolio by 2050 or sooner.

While we have set targets for Scope 1 and 2 emissions for our listed equities and a proportion of our fixed income assets, we have not set targets for Scope 3 emissions due to the absence of sufficiently robust methodologies and issues with data quality and availability. We are keen to see progress made in this area.

Scope 3 emissions reporting is valuable in understanding the potential regulatory, reputational, and financial risks associated with climate change. As well as being able to assess the transition risk of investee companies and alignment with progress towards Net Zero targets, we think it is additionally important to recognise their value in the near-term to assess physical risks as a result of increasing frequency of extreme weather events, such as flood and drought in the agricultural sector, as an example. These events can directly disrupt the food supply chain resulting in scarcity and exponential increase in commodity prices.

We support the submission you have received from the Investment Association on this issue, and in particular:

- The need for comprehensive reporting around carbon emissions to fully understand investment risks and opportunities

Border to Coast Pensions Partnership Limited

A Company limited by shares and registered in England and Wales with Registration Number **10795539** and whose registered office is at **5th Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ**

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- The endorsement of the International Sustainability Standards Board and the Greenhouse Gas Protocol for Scope 3 emissions reporting, and the importance of international harmonisation of reporting standards
- Support for the focus of IFRS S2 on enterprise value to ensure financial reporting meets the need of investors
- The role of UK endorsement in providing leadership encouraging other jurisdictions to follow suit

We would be pleased to share our experience and discuss the challenges around Scope 3 emissions reporting from an investment perspective in more detail.

Yours faithfully

Jane Firth
Head of Responsible Investment

