



Chris Skidmore MP  
Review of Net Zero: Call for Evidence  
c/o Department for Business, Energy and Industrial Strategy  
[netzeroreview@beis.gov.uk](mailto:netzeroreview@beis.gov.uk)

27 October 2022

Dear Mr Skidmore

We are writing in response to your request for evidence to inform your independent review of the government's approach to delivering its Net Zero target.

Border to Coast Pensions Partnership is one of the largest pension pools in the UK. We work on behalf of our 11 Local Government Pension Scheme Partner Funds, representing more than one million Local Government Pension Scheme (LGPS), members, who have c.£60bn of investments (as of 31 March 2022).

Climate change is an existential threat to societies across the world. Consistent and co-ordinated action by multiple stakeholders is needed to reduce greenhouse gas emissions, to help those already impacted by climate change, and to provide the finance to help companies and countries deliver on their climate goals.

For the LGPS, where the investment outlook stretches all the way into the next century, the risks posed to the future sustainability of our Partner Funds and their ability to deliver for members is not a problem for tomorrow but for today. To address and mitigate the risks posed to our Partner Funds, of which climate change is one, we embedded responsible investment into the core of our investment approach from day one.

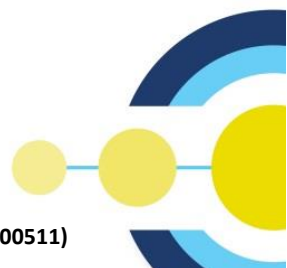
In October 2022 we published our [Net Zero Implementation Plan](#) setting out how we intend to meet our commitment to decarbonise our investment portfolios by 2050 or sooner. As part of this we believe that investment in infrastructure and technology solutions to facilitate the transition is essential. In line with this, we are increasing our investment in climate solutions. We estimate that at 31 March 2022, the equity and fixed income portfolios that are covered in this plan had ~£6.8bn invested in climate solutions. This is based on MSCI's definition which identifies companies offering clean technology solutions such as the facilitation of renewable energy production. Although private markets are not covered in this plan, we also estimate that ~£600m of capital has been committed to investments in climate solutions.

**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 **5<sup>th</sup> Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ**

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However, while we see significant opportunities to support the transition to Net Zero, we have also identified a series of challenges. These challenges are set out in full in our Plan, but there are two we would consider most relevant to your review.

- **Policy**

Current policies from national governments are currently insufficient to meet the Paris climate goals. Solutions to reduce carbon emissions require supportive and globally aligned policies as well as policy stability to encourage long-term investment.

It is essential the UK Government maintains the leadership it has demonstrated on this issue. This review is an opportunity to reinforce the UK Government's commitment to achieving Net Zero by 2050 and to commit to the policy and regulatory certainty that is key to unlocking investment in this area.

- **Data**

The quality and availability of data across asset classes, particularly fixed income and private markets, continues to be a significant challenge. We have set targets for Scope 1 and 2 emissions for our listed equities and a proportion of our fixed income assets, and this covers 60% of our overall assets under management (as at 31 March 2022). However, there continues to be a lack of robust data to allow us to measure and set targets for private markets assets, sovereign bonds and multi-asset credit investments, which make up 40% of our investments.

The development of clear and consistent carbon reporting requirements is essential if we wish to meet the Paris climate goals. Your review is an opportunity for the Government to set out its support for collaborative industry initiatives to address data challenges and inconsistent methodologies.

We would welcome the opportunity to discuss these issues with you further.

Yours sincerely

**Ewan McCulloch**  
**Chief Stakeholder Officer**  
**Border to Coast Pensions Partnership**

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