

## Appendix A – Summary of RI day sessions

A very brief summary of the sessions held at the Responsible Investment day is provided below:

	Session	Summary
1	Why are we here?	<p>Kris de Mayer from UCL Climate Action Unit delivered a talk on the broader issue of Climate Change</p> <ul style="list-style-type: none"> <li>- Extreme weather events now 4x more likely</li> <li>- Focus on what can be achieved – every 0.1 deg we manage to reduce warming by will have a positive impact</li> <li>- Risks relating to climate change are very difficult to quantify given how interconnected systems are</li> <li>- Think about how we can use our capital to accelerate the transition</li> </ul> <p>Kris shared an interview he conducted with The Little Questions Podcast</p> <p><a href="https://www.libsyn.com/the-little-questions-interview-with-dr-kris-de-meyer-director-of-the-ucl-climate-action-unit">The Little Questions: Interview with Dr Kris De Meyer, Director of the UCL Climate Action Unit (libsyn.com)</a></p>
2	Context for BPF – where are we?	<p>Hymans discussed the progress that had been made by the Fund to date, which is summarised below:</p> <ul style="list-style-type: none"> <li>- 51.5% of target allocation in currently mandates with RI objectives, all of which was implemented in the last 3 years</li> <li>- Up to 71%* of the strategy could be invested in mandates with RI objectives immediately</li> <li>- Up to 80%* of the strategy could be invested in mandates with RI objectives within 1-3yrs</li> <li>- Up to 100%* of the strategy could be invested in mandates with RI objectives by ~2030</li> </ul> <p>One area Hymans noted that the BPF could do more around is our overall monitoring and reporting of manager activities.</p>
3	Refresher on risk management and investment principles	<p>Hymans gave an overview around risk.</p> <p>Hymans' presentation noted:</p> <ul style="list-style-type: none"> <li>- LBBPF has an estimated c.£4bn of projected nominal future benefit payments, which could be higher depending on demographic and financial experience... ...but only c.£1.5bn of assets currently to meet those obligations. The balance can be made up from contributions and investment returns of at least 4.6% p.a.</li> </ul>

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		<p>Hymans set out a two-stage approach to considering risk and investment decisions:</p> <ul style="list-style-type: none"> <li>- Firstly, consider financial metrics and whether suitable;</li> <li>- Secondly consider suitability of non-financial metrics</li> </ul>
4	Key stakeholder's journeys	<p>The broad targets for our two key stakeholders (LCIV and the Council) are summarised below:</p> <p><b>London CIV</b></p> <p>London CIV has committed to become a Net Zero entity by 2040 in line with the Paris Agreement objectives to limit global temperature rise below 1.5°C. It will also become a Net Zero Company across operational and supply chain emissions as early as 2025.</p> <p>However, LCIV are committed to providing Funds for Councils who would wish to seek an earlier target.</p> <p><b>Barnet</b></p> <ul style="list-style-type: none"> <li>• We will work to future proof our borough, safeguard our environment, protect our green spaces and biodiversity for our generations to come.</li> <li>• We will work together with local people, communities, and businesses across the borough, to become net zero carbon in Barnet by 2042, and for the Council by 2030.</li> <li>• We will put sustainability at the heart of what we do and empower local communities to do the same, taking action to tackle the most pressing environmental challenges affecting our borough</li> </ul> <p>We also heard from Rachel Cowburn from London Borough of Hackney who talked about Hackney's journey and specifically about the tension between the Council's target and the Pension Fund's target.</p>
5	Impact Investment	<p>On impact, we noted that all investments have "impact", however, the FCA is codifying what Investment Managers can classify as Impact and London CIV talked to specific Funds that they offered which could be considered as having an 'impact' through an ESG lens.</p> <p>The FCA review's aims is to build trust and integrity in ESG-labelled instruments, products and the supporting ecosystem and the publication of FCA final rules and guidance in a Policy Statement by the end of H1 2023.</p>

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6	Stewardship vs. divestment	<p>This was the most difficult session to summarise as Stewardship and engagement is intrinsically complex involving many parties.</p> <p>We heard from London CIV, a London CIV partner, Federated EOS Hermes and Hymans on the different channels for engaging with the companies that the Fund invests in. Overall, it was felt that engagement was a better means of affecting change than divesting.</p> <p>Examples of Stewardship activities conducted by Federated EOS Hermes is set out below:</p> <p><b>Decarbonisation and low-carbon actions</b></p> <ul style="list-style-type: none"> <li>- Transition plans aligned with achieving the 1.5°C goal of the Paris Agreement, covering relevant Scope 1, 2 and 3 emissions to achieve net-zero emissions by 2050 or sooner</li> <li>- Supporting strategy, including development of low-carbon products and services to thrive in a low carbon economy</li> </ul> <p><b>Physical climate risk</b></p> <ul style="list-style-type: none"> <li>- Climate change is already having material impacts and warming of at least 1.5°C is now almost inevitable</li> <li>- Companies should assess exposure to this risk and demonstrate resilience through the development of adaptation plans</li> </ul> <p><b>Disclosure, governance</b></p> <ul style="list-style-type: none"> <li>- Support for TCFD disclosures, to enable investors to access the information necessary to fully assess the quality of a company's climate action plan and determine its physical and transition risk exposure</li> <li>- Successful transition requires climate-competent governance structures, enabling remuneration schemes, and public policy positions that help build a supportive policy environment</li> </ul>