

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**CLIMATE STRATEGY REPORT****Purpose of the Report**

1. To present the Climate Strategy.

Information

2. As described in February, in order to enable the Pension Fund to identify its exposure and understand its financial risk arising from climate change, LGPS Central was commissioned to produce some climate risk analysis. This Climate Risk Report was issued to the Nottinghamshire Pension Fund with a number of recommendations which have become the Fund's Climate Action Plan. As part of this plan the Pension Fund agreed to develop a Climate Strategy.
3. The document's objective is to explain the Fund's approach to addressing the risks and opportunities related to climate change. This document is consistent with the Final Recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"). The document is a component of the Fund's Investment Strategy and will be incorporated into the Investment Strategy Statement at the next review.
4. In light of the dynamic characteristics of climate change and the uncertainty regarding the level and speed of policy makers' response to the climate change risk spectrum, this Climate Strategy will be reviewed on an annual basis.
5. The strategy includes a high level Climate Stewardship Plan. The annual stewardship plan for 21/22 will be presented to Committee in April.
6. Appendix A presents the Climate Strategy.

Ongoing work

7. The creation of a Climate Strategy is just one part of the work the Pension Fund is doing to mitigate the financial risk of climate change. While this work is ongoing the Pension Fund will continue to implement its long term Strategic Asset allocation. This includes an increasing allocation to infrastructure investments, a significant proportion of which are in clean energy, and a gradual reduction in equity investments. Within our equity investments we are looking

at a number of low carbon and sustainable funds. Over time our exposure to fossil fuels is likely to reduce as a result of these asset allocation and diversification decisions.

8. The Pension Fund will continue to monitor and manage all financially material risks to which it is exposed.

Other Options Considered

9. The Pension Fund is not required to publish a Climate Strategy. However the fund committed to publish one as part of the Climate Action Plan.

Reason/s for Recommendation/s

10. The Climate Strategy communicates the Fund's approach to addressing the risks and opportunities related to climate change.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

12. There are no direct financial implications arising as a result of publishing this report.

RECOMMENDATION/S

That members approve the Nottinghamshire County Council Pension Fund Climate Strategy.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments (KK 15/02/2021)

13. The proposal in this report is within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (TMR 10/02/2021)

14. The financial implications are set out in paragraph 12.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All