Climate Change Statement

When considering any issue with regard to the Pension Fund it is important to recognise that the Pension Fund Committee members act in the role of trustees and have a fiduciary responsibility to both employers and members, to seek an appropriate financial return for the level of risk that is taken. Purely personal interests, social, moral or political views should not be taken into account.

The Fund recognises that climate change is a significant financial risk and is challenging itself on how this is reflected in the investment strategy. The policy and approach in this area is constantly evolving. Any decisions on the investment of the Fund includes an assessment of the risks faced, including the issue of climate change, and which asset classes, sectors and companies to invest in.

The Fund's Investment Strategy Statement and Responsible Investment Policy cover the extent to which social, environmental and ethical considerations including climate change are taken into account in the selection, retention and realisation of investments. These documents are available on the Fund's website https://www.nypf.org.uk/nypf/policiesandstrategies.shtml.

The Fund does not have a policy of divesting from companies and considers active engagement with companies a more productive approach to effecting change. Once the Fund divests, its ability to influence both the short term and long-term direction of individual companies is severely curtailed. If the Fund divested from the oil and gas or other sectors with heavy carbon footprints, then it would not reduce emissions (or climate change) but rather simply shift the emissions onto another investor who may be less engaged and therefore reduce the pressure on such companies to change.

The Fund works in collaboration with other pension funds on climate change issues through organisations such as the Local Authority Pension Fund Forum (LAPFF) and with its investment pooling partner Border to Coast, who is a member of Climate Action 100+. This approach ensures that the collective influence of investors has a bigger impact through engagement.

Border to Coast has a Responsible Investment Policy, published on its website https://www.bordertocoast.org.uk/, which describes the collective approach to addressing climate related issues. This includes assessing investments in relation to climate risk, incorporating climate considerations into the investment decision making process and engagement with companies in line with the Financial Stability Board's Task Force on climate Related Financial Disclosures (TCFD).

The Fund has a range of renewable energy investments in the UK and abroad, such as wind farms and solar power farms, geothermal energy plants and energy from waste facilities. This is a growing area of investment activity, in particular in the infrastructure investment programme where a decision has recently been taken to increase the allocation to 5%.

The Fund also has investments in property funds where ESG metrics are regularly monitored with a view to improving their credentials. This includes using renewable energy sources and generating energy on site, for example through solar panels, to drive down the carbon footprint of these buildings.

The Pension Fund Committee considers the implications of climate change at every meeting. They recently approved a new set of responsible investment beliefs which included beliefs specific to risks associated with climate change.

In summary, the Fund recognises that climate change is a significant financial risk and is persistently challenging itself on how this is taken into account, and at the same ensuring the Pension Fund Committee is able to meet its fiduciary duty and responsibility to individual employers and members. Opportunities to increase investments in the renewable energy sectors, within the infrastructure allocation of the Fund, are being pursued. This is an ongoing process as the climate change agenda moves forward.