

PE46. Carbon Footprint Exercise

The Committee and Board considered a report by the Director of Corporate and Housing Services providing a summary of the Carbon Footprint measurement exercise undertaken for the Fund by Trucost.

Trucost assessed the following portfolios from the Fund:

- Newton Global Equity;
- Aberdeen Standard Global Equity;
- Schroders UK Equity;
- Legal and General Fundamental Weighting; and
- Legal and General Passive

There was in-depth discussion over the context and limitations of the exercise. Matters discussed were:-

- the limitations of the metric used to measure greenhouse gases and carbon emissions;
- the ability to drill down to a stock and sector level in measuring and comparing the carbon efficiency of companies and challenging them on this; and
- the legal purpose of the Fund and its fiduciary duty to provide retirement benefits for members and to minimise costs for employers.

Decision

The Committee and Board noted the report.

The Committee:-

- (1) agreed the ongoing monitoring of carbon efficiency trends within Fund portfolios;**
- (2) agreed to the Carbon Footprinting exercise being used to influence engagement activity with those companies performing poorly in terms of carbon efficiency;**
- (3) noted that as part of the collaborative working arrangement, the Fund will participate in a joint tendering exercise for Voting and Engagement services with the Lothian Pension Fund, and**
- (4) requested the Chief Finance Officer to consider, as part of the forthcoming investment strategy review, how best the fiduciary aims of the Fund can be met whilst seeking to support the transition to a low carbon economy and the aims of the Paris 2016 Climate Change agreement as outlined in the Statement of Investment Principles.**