

Clwyd Pension Fund

Managing Climate Risk
Highlights for Year Ended 31 March 2024



Fund Beliefs



ESG factors, including climate change, can **impact the performance** of the Fund's investments over the medium to long-term.

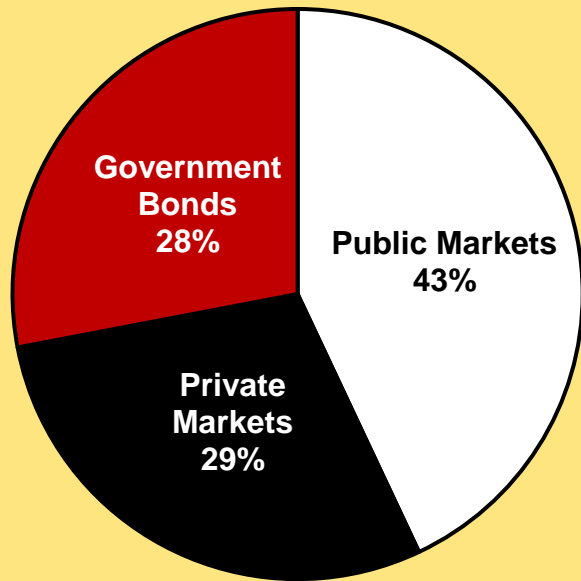


Taking a broader and longer-term view on ESG factors, presents risks and opportunities which need to be thought about carefully. Sustainability themes and trends can be identified.



Good stewardship can add value and lessen risks in the long-term.

How the assets are invested



Total emissions quoted in this summary are based on scope 1 and 2 emissions and covers approximately c.65% of total Fund assets where reliable greenhouse gas emissions data is available.



Scope 1: Direct emissions from company activity (for example, running gas boilers and vehicles)



Scope 2: Indirect emissions (for example, electricity purchased for heating and cooling buildings)



Targets

- **Total Fund:** to be Net Zero by 2045 or earlier, with a 50% or more reduction in greenhouse gas emissions by the end of 2030
- **Total Fund:** to have at least 30% assets allocated to sustainable investments by 2030
- **Public equities:** reduce greenhouse gas emissions by 36% by 2025 and 68% by 2030

Highlights of progress to date



The Fund has achieved its 2025 decarbonisation target within public equities one year early, decarbonising by c.40% (carbon footprint) since its 2021 baseline to 2024.



The Fund has c.29% of assets invested or committed to be invested in sustainable investments.



The Fund is close to meeting the "Fund's Ambition" under its Exclusions Policy within listed equities.



The Fund is implementing a new company Climate Engagement Target List to focus on the heaviest ongoing emitters, to push for further decarbonisation.

Ongoing Greenhouse Gas Emissions

The annual greenhouse gas emissions from companies in the Fund's public assets is:

50,698 tons CO₂e

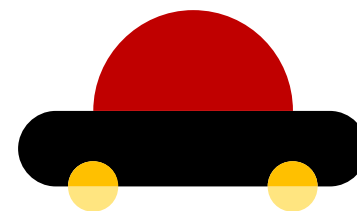
This is a **reduction of 47,180 ton CO₂e since 2023**, driven by strategic decisions made by the Committee to invest further in sustainable assets.

Emissions in the real world

The 47,180 ton reduction in greenhouse gas emissions, under scopes 1 & 2, is broadly equivalent to **removing 33,847 cars from the road.**

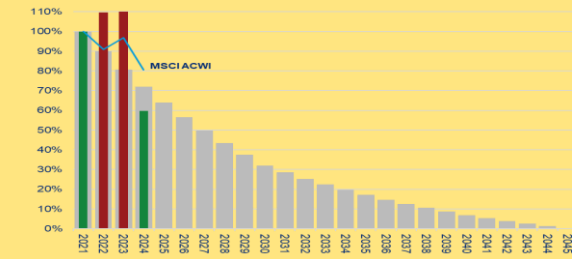
Based on average car mileage of **6,600 per year** and **211g CO₂ per mile** for a medium sized car.

Source: [Nimblefins Average CO₂ Emissions](#)

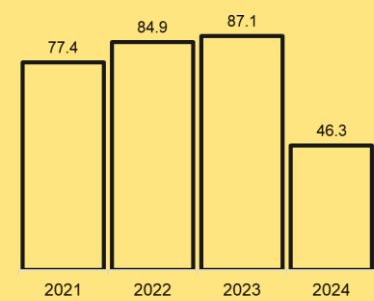


Ongoing emissions have fallen materially since 2021

Decarbonisation Pathway (Listed Equity Scope 1 & 2)



Carbon Footprint (tCO₂e / \$M invested)



Key Actions Taken



Targets have been set and met against public equities and an exclusions policy adopted (see latest Investment Strategy Statement).



Risks and Opportunities: Regular analysis is undertaken to identify climate change related risks and opportunities that should be prioritised in order to help achieve the Fund's targets.



Three metrics, covering c.65.4% of Fund assets, have been chosen to monitor the progress against climate change risks. The level of assets covered is expected to continue to rise over time.



Nature: The Fund has undertaken analysis on two core Taskforce for Nature-related Financial Disclosure metrics; exposure to priority sectors and biodiversity-sensitive locations.

Future Actions



Continue to consider opportunities to reduce green house gas emissions.



Implement new Climate Engagement Target list, engaging with companies through WPP. Focus on underlying companies with the greatest carbon footprint (scope 1 and 2) to advance decarbonisation efforts.



Continue to extend target setting i.e. private markets (where possible) in line with latest industry guidance.



Continue to use nature analysis and engagement with managers to understand how they are managing these potential risks.

You can read the Fund's full Climate Change-related Disclosures [here](#). It sets out all the assumptions, limitations & important notices in respect of the climate-related data presented in this summary.

Jargon Buster

Clwyd Pension Fund (the “Fund”): The Pension Fund managed by Flintshire County Council for local authority employees in North-East Wales and employees of other employers with links to local government in that area

Emissions / Carbon Emissions: the gases or particles released into the air that can contribute to global warming or poor air quality

ESG: ESG stands for Environmental, Social and Governance. When ESG factors are taken into account this is often called “sustainable investing”.

Exclusion Policy: This sets out when and how the Fund may decide to move investments out of a particular company so that we are investing in a more sustainable way.

Fossil fuels: Fuels (such as coal, gas, peat and oil) that are formed in the ground over many thousands or millions of years from dead plants and animals and are used up once they are burned for energy.

Greenhouse gases (GHG): Gases in the atmosphere that trap heat causing warming in the lower atmosphere. The major greenhouse gases include carbon dioxide, methane and nitrous oxide.

Investment Strategy Statement (ISS): The main document that outlines our strategy in relation to how we invest the Clwyd Pension Fund’s assets.

Listed Assets: Investments in companies which are available to trade publicly (these can include “bonds”, which are company loans and “shares or equities”) which are ownership stakes in the company and which are traded on a stock exchange.

Lower Carbon Economy: A financial system (economy), usually of a country or region, focused on sustainable actions, such as lowering greenhouse gas emissions.

Net Zero: This means achieving an overall balance between carbon dioxide emissions produced by human activity and carbon dioxide taken out of the atmosphere, for example, through re-absorption by forests. The term “net zero” is also typically associated with a target date for when to achieve this.

Private Market Investments: Investments which are not available to trade publicly. These include Private Equity / Debt, Property, Infrastructure, Timber and Agriculture.

Stewardship: In an investment context, good stewardship is the responsible allocation, management and oversight of our assets to create long-term value for the Fund’s members and employers, and sustainable benefits for the economy, the environment and society.

Strategic asset allocation: the Fund’s target split of assets into different types of investment, as set out in its Investment Strategy Statement.

Sustainability (or sustainable investing): An approach where investors take into account environmental, social and governance factors.

Task Force on Climate-related Financial Disclosures (TCFD): a framework designed to improve and increase reporting of climate-related financial information.

Transition: the process of moving away from high-carbon intensive processes towards business models and assets aligned with a lower carbon future.

Wales Pension Partnership (WPP): A collaboration of the eight LGPS funds (Constituent Authorities), including Clwyd Pension Fund, covering the whole of Wales. WPP is one of the eight national Local Government Pension pools established in 2017.