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FINAL: Press Release

EAPF demands more from finance sector on climate change disclosures

Today, Monday 30 October, the Environment Agency Pension Fund publish its updated **Policy to Address the Impacts of Climate Change** which clearly ramps up the expectations both on itself and also the rest of the finance sector.

The fund states that its base case scenario is that the Paris Agreement will be delivered, and places its work on climate change within the wider context of its commitment to use the UN's Sustainable Development Goals (SDGs) as part of its decision making.

The policy clearly ramps up the calls on others in the finance sector, in particular investment consultants, actuaries, credit rating agencies, external audit and risk advisors **'to demonstrate how their own advice, tools, processes and skills and knowledge are fit for purpose to support their clients with respect to managing the financial implications of climate change.'**

Emma Howard Boyd, Chair of Environment Agency and Chair of the EAPF Investment Committee, said: "Climate change is one of the biggest global threats we face and the finance sector, like everyone else, needs to be more than equal to the challenge. This is a call to action to the finance sector. The industry needs to step up to challenges posed by a changing climate and the impacts of the transition - we need more action and we need it now. Our updated policy sets the pace for pension funds who need to keep up a strong financial performance in the race to a low carbon economy."

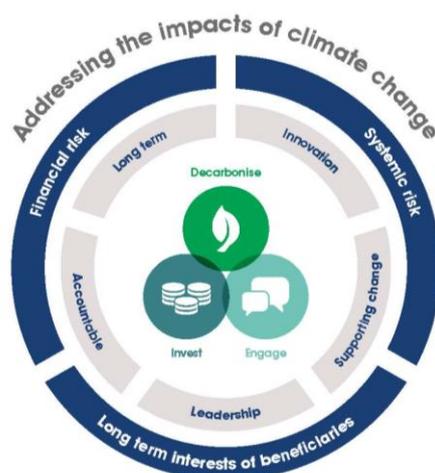
The fund fully supports the work of the **Task Force on Climate-related Financial Disclosures (TCFD)** and will actively demand higher disclosure standards from those in which it invests. The **Transition Pathway Initiative**, the initiative co-led by the EAPF and the National Investing Bodies for the Church of England, is used by the fund to track disclosures and to prioritise engagement targets in high carbon sectors.

In 2015, the fund committed 'to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements.' The strategy has three pillars; to invest, decarbonise and engage.

"We are on target to deliver all our climate goals by 2020, but need more disclosure from companies and the financial sector, if we are going to meet our objective to be 2°C (or below) compatible" Faith Ward, Chief Responsible Investment and Risk Officer, Environment Agency Pension Fund.

"We support the EAPF for clearly stating its commitment to addressing the impacts of climate change. LGIM is proud to work with the EAPF among a growing number of clients that are articulating their expectations for more disclosure and tangible action.

We echo and recognise our responsibility to accelerate the transition to a low-carbon economy. As part of LGIM's Climate Impact Pledge, we engage with companies – voting against them where necessary – to encourage them to provide adequate and reliable disclosure on their plans and progress towards decarbonisation." Mark Zinkula, CEO Legal & General Investment Management.



EAPF Climate Goals

Climate goals	Progress
Invest 15% of the Fund in low carbon, energy efficient and other climate mitigation opportunities.	10% invested with current commitments bringing it to 12.5% .
Decarbonise the equity portfolio, reducing our exposure to 'future emissions' ¹ by 90% for coal and 50% for oil and gas by 2020 compared to the exposure in our underlying benchmark as at 31 March 2015.	Coal is currently 65% less than our baseline. Oil and gas is currently 79% less than our baseline.
Supported progress towards an orderly transition to a low carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry.	Active engagement across the industry with a strong focus on working collaboratively. More information can be found on our website .

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Notes

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Environment Agency Pension Fund

The Environment Agency Pension Fund (EAPF) is the pension fund of one of the world's leading environmental organisations. EAPF is a defined benefit Local Government Pension Scheme with just under 40,000 beneficiaries and assets of around £3.5 billion. The participation rate of eligible beneficiaries is 95 per cent, and the funding level at 31 March 2016 was 103 per cent.

www.eapf.org.uk

¹ 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent.

Transition Pathway Initiative

The TPI is a global, asset owner-led initiative, supported by asset owners and managers with over £4 trillion (\$5.2 trillion) of assets under management. The founding partners were the Church of England National Investing Bodies (Commissioners/Church of England Pensions Board, CBF Church of England Funds) and the Environment Agency Pension Fund, working in partnership with the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE) and FTSE Russell. www.transitionpathwayinitiative.org or <http://www.lse.ac.uk/GranthamInstitute/tpi/>