Deputation to Hampshire Pension Fund Board and Panel 25 March 2022

Our aim over the past three years has been to ensure that the Hampshire Pension Fund and wider Access Pool is decarbonising fast enough to limit warming by century's end to no more than 1.5 degrees Celsius, as per the Paris Agreement and the Glasgow Climate Pact.

Our response to your revised decarbonisation plans is this:

We thank you. We appreciate the commitment you are showing.

Thank you for listening to our deputations; they reflect the painful anxiety not just of our younger generations but also of the older generations who need to ensure we've done all we can, wherever we have influence, to give our young a manageable world.

We thank you for your efforts and commitment that has now been demonstrated with these latest plans.

The Hampshire Pension Fund's attitude toward responsible investment, and the actions you are taking, have transformed in the past five years and your approach is now consistent with current good practice in this area, putting you in the top tier of schemes in the country.

We have reached out to you, and you've taken our hand and we thank you.

But we ask you to take both hands. We want you 'all in'.

Your revisions relate to a goal of 'below 2 degrees Celsius'. We ask you to commit to the 1.5-degree warming limit.

Why 1.5?

Sir David King, former chief scientific adviser to the UK government, says it's catastrophic enough at the current warming of about 1.2 degrees Celsius. He says we needed decarbonised economies many years ago. Economist Nicholas Stern says we don't actually know how close we are to tipping points, but we could be quite close and if we're to have a chance of controlling it, to "stop it from spiralling away", then we "need to hold at 1.5C". But as Chris Stark, CEO of the UK's Climate Change Committee says, 1.5C is now "hanging by a thread". The UN says it's Code Red for humanity.

So, if you are going to reject divestment and instead opt for engagement, then you *must do so* on the basis of real 1.5C-aligned discipline.

Therefore, we have these suggestions for improvement.

You've said you will pay an annual fee to join the Institutional Investor Group on Climate Change.

For roughly the same annual fee you could instead join the Net Zero Asset Owner Alliance.

The AOA is more robustly committed to 1.5.

If you're already among the top tier of schemes, then there's no reason why you can't be ready to join the AOA.

You're a signatory of the UN PRI. And the AOA is convened by the PRI and by the United Nations Environment Program Finance Initiative.

Therefore, it makes complete sense for you to join the AOA initiative, rather than the IIGCC's Net Zero Investment Framework or Paris Aligned Investment Initiative.

The Net Zero Investment Framework is harnessed to 1.5 but its Scope 3 coverage commitment is weaker and it lacks the five-yearly or intermediate emission-reduction target-setting that is so critical to quickly decarbonising the primary markets.

Also, the AOA is playing a key role seeking to ensure that governments stick to the best available science on the fastest, most effective emissions reductions while still ensuring a Just Transition, to which you have referred.

The AOA's commitment to the science and to society is critically important given how difficult the political class has found the decarbonisation challenge.

We suggest the following improvements to your planned amendments:

– Add "developing and implementing a plan to meet the HPF's net-zero-by-2050 commitment" to the RI priorities on p68.

– Formalise the net-zero commitment through becoming a signatory to the Net Zero Asset Owner Alliance. Or, as a stepping stone, become a signatory to the IIGCC's Paris Aligned Investment Initiative. (These include various supplementary commitments, including public reporting to ensure transparency, to make sure signatories follow best practice in implementing net zero.)

– Change your new investment belief (paragraph 7 on p46) to reference 1.5 degrees not 'below 2 degrees'.

– Broaden your focus to include deforestation. This would reflect a speech this month by the UK's pensions minister, calling on pension schemes to transition portfolios away from activities that are driving deforestation.

In conclusion, we again thank you for all your efforts.

We face so many challenges: Covid, Putin's tyranny as he tries to make us all cower, and, towering over everything, is this battle – against inertia and short-term thinking – in order to stop climate chaos.

It's a question of whether or not we have the capacity to answer, to respond with the effort and the teamwork required, to the huge needs we face. It's why we need maximum ambition, no holding back, no settling for less. That's why we ask you to join the Asset Owner Alliance and that's why we ask you to put in writing not 'below 2 degrees' but 1.5. We won't give up on that. We won't let you, either.