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UK Local Government Pensions Schemes Will Vote Against Chairs of Oil Companies Failing to Meet Climate Pledges

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Border to Coast Pension Partnership (the "Partnership"), a pension pool consisting of 11 UK local government pension schemes, announced that "[o]il majors and banks must make greater progress on climate pledges or **risk losing the support** of Border to Coast Pensions Partnership on key votes this" Annual General Meeting season. The Partnership is one of the largest pension pools in the UK, with approximately £38.3 billion assets under management. In its announcement, the Partnership committed to vote against the "Chair of the Board of oil companies which fail to meet one of the first four indicators of the Climate Action 100+ benchmark, which includes short, medium and long-term emission reduction targets. It will also vote against oil companies scored 3 or lower by the Transition Pathway Initiative (TPI), meaning they have not yet developed a strategic understanding of climate risks and opportunities or integrated this into business strategy and capital expenditure decisions." The **TPI was established** at the Grantham Research Institute on Climate Change and the Environment, which is part of the London School of Economics and Political Science, as "a global initiative led by asset owners and supported by asset managers" to assess based on research and data the progress of the "world's biggest companies from high emitting sectors on the transition to a low carbon economy." The Partnership also took aim at banks, stating that it would "vote against the Chair of the Sustainability Committee at banks where the company has materially failed the first four indicators of the TPI framework for the sector. This includes banks that have not sufficiently integrated targets, decarbonisation strategy, or climate policy engagement into business strategy."

Taking the Temperature: With its announcement, the Partnership joins other public pension funds and pension regulators taking a more aggressive approach on climate-related issues. For instance, earlier this year, the New York City Comptroller, the NYC Employees' Retirement System, the NYC Teachers' Retirement System, and the NYC Board of Education Retirement System announced that they had submitted climate-related shareholder proposals to three U.S. banks and one Canadian bank. The proposals, addressed to Bank of America, Goldman Sachs, JP Morgan Chase and Royal Bank of Canada, seek, among other things, to require the banks to disclose their absolute greenhouse gas emissions targets for 2030. Last month, the UK's Pensions Regulator announced the launch of a new initiative aimed at tightening regulation around ESG data published by trustees, as part of a wider campaign to assess whether trustees are properly discharging their ESG and climate change reporting duties. And, separate and apart from public pensions, large asset managers continue to articulate stewardship policies requesting that companies set climate transition targets and commit to concrete plans to meet those objectives, at times coupled with the threat of voting against directors with responsibility in this area in instances where there is insufficient progress.