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DATE: 13 February 2024

PENSIONS COMMITTEE

Meeting to be held on Wednesday 21 February 2024

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- 3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**
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PENSIONS COMMITTEE 21 FEBRUARY 2024

QUESTIONS FOR ORAL REPLY

1. From Gill Slater, Local Pension Board Member

Regarding Item 7: Presentation from LCIV on Responsible Investment:

The agenda notes LBB funds are committed to Net Zero, seeking to limit heating to 1.5°C, [MFS* by 2050, LCIV**by 2040]. Heating is accelerating significantly faster than anticipated and 1.5°C is / will soon be breached***. Will the Committee urgently reappraise the timeframe for funds to reach Net Zero?

* MFS commitment (Pg 4 mins 14.12.23)

**LCIV TCFD Report 2023 (strategy pg 10) – recognising that faster CO2 reductions increase the probability of limiting warming to 1.5°C

***12 month running average ([Copernicus Agency](#)) / Paris agreement long term average

Reply: You raise a very topical question and certainly an important one. Bromley acknowledges the climate change issue and is making good progress on this. We continue to investigate, in partnership with our Investment Managers, the best way to comply with Net Zero. We have invited Jacqueline Jackson, Head of Responsible Investment of the London Collective Investment Vehicle to present on responsible investment to our Pensions Committee this evening. This will be public record and minuted. Secondly, Bromley Pensions Committee does not rush into anything with regards to investments as this is the worst thing you can do, particularly without adequate scrutiny. It is unlikely that the Pensions Committee will urgently reappraise its investments but does undertake a process of constant reappraisal in light of the mixed reports and scientific evidence published on climate change. However, this is a pensions investment committee, so investment must remain the primary focus of the committee. I would be happy to attend a future meeting of the Local Pension Board to discuss this in further detail if that is felt useful or necessary by the Board Members.

Supplementary Question: Accelerating towards Net zero should also involve investment in 'climate related opportunities' – part of the TCFD reporting noted throughout the LCIV documentation (Item 7). The Quarterly Investment Report (Item 8 Appendix 5) suggests consideration of an allocation to Direct Lending. Could subsequent reports also outline consideration of 'climate related opportunities' either through direct lending or fund management?

Reply: That is an interesting question. As a matter of principle, some green funds have turned out not to be as 'green' as we think they are. I saw a report recently that suggested that a flight from green funds by private sector investment is mainly due to the fact that they don't think that the opportunities for investment returns are where they should be, but also due to a fair amount of 'green washing' by some companies. The Pensions Committee needs to be confident that it is investing in what it thinks it is investing in and undertakes a process of asset allocation review via a three-year

cycle. This helps ensure stability of investment but does not mean that minor adjustments cannot be made when it is felt appropriate or necessary. Part of the role of the Senior Advisor: Apex Group Ltd is to put forward ideas regarding investment returns and at present, Direct Lending is an area of interest. The comments made tonight will be taken on board and considered as part of the asset allocation review cycle but it should be noted that whilst areas such as low carbon can be explored for investment, the Committee does not make forced decisions for its fund managers to invest in a particular area.

QUESTIONS FOR WRITTEN REPLY

1. From Daniel Sillman, Local Resident to the Pensions Committee

The ICJ has found South Africa's case against Israel meets jurisdiction requiring Israel take measures to prevent 'irreparable prejudice' against Palestinians of Gaza. How will Bromley respond to these interim measures, and prevent complicity in what may legally be ruled genocide, considering pension investments in Israeli weapons and aerospace companies?"

Reply: Bromley is deeply concerned with the situation in Gaza and would very much like to see peace in this situation and an end to hostilities. There are very strict rules on how pension funds can invest, and Bromley ensures it complies with all rules and regulations.

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