



All-Party Parliamentary Group for Local Authority Pension Funds

All-Party Parliamentary Group

Co-Chairs
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Secretary

Clive Betts MP
Baroness Altmann, Lord Kerslake and Lord Goddard of Stockport
Cllr David Simmons MP

Responsible investment for a Just Transition'

An inquiry by the All-Party Parliamentary Group for Local Authority Pensions

Ahead of the UN climate change conference in Glasgow in 2021, the All-Party Parliamentary Group for Local Authority Pension Funds, chaired by Clive Betts MP, is undertaking an inquiry into a just transition to a net zero economy. The inquiry will set out recommendations to UN agencies, national, devolved and local government, policymakers, business and investors about how we can avoid the risks that climate change poses in a just way.

A just transition inquiry

Climate change is a threat to lives and livelihoods, and presents systemic risks to the economy and financial markets and to our future prosperity. Shifting to a net zero economy has the potential to create new jobs and drive economic growth. However, the benefits may not be felt evenly with some workers and communities bearing the brunt of industrial change. This not only risks creating economic hardship for some but also undermining support for the shift to net zero.

The Local Authority Pension Funds APPG has therefore established an inquiry into how local authority pension funds (and institutional investors more widely) can ensure a just transition to net zero carbon emissions and what role government can play in supporting investors do so.

Over the coming year, the inquiry will be examining practical ways that investors, companies, sectors and national and local economies can decarbonise in a just way that involves stakeholders in the decisions and leaves no one behind. To do so, the APPG will be hearing from stakeholders at APPG sessions and reviewing the evidence with the inquiry findings published ahead of the UN climate change conference (COP 26) in November 2021.

The inquiry findings will be fed into the preparations for COP26 by Parliament, central, devolved and local governments. The report will be circulated widely with the aim of informing other stakeholders, such as Climate Action 100+, Principles for Responsible Investment, trade unions, the Just Transition Commission (Scotland), the Climate Change Committee, UNEP Financial initiative, and the Taskforce on Climate-related Financial Disclosures.

Inquiry terms of reference

The APPG wishes to hear a wide range of perspectives on the issue. The Inquiry therefore invites people to submit their views on how we can achieve a just transition to net zero. The inquiry is particularly interested to hear views on:

- What are the main barriers for investors and companies?
- How might government and those responsible investors signed up to a just transition raise awareness and stress the importance of a just shift to net zero, including throughout the investment community and across government?
- How can investors assess and report the level of risk of not considering a just transition? And what support and regulations are needed from government?
- How can local authority pension funds, whilst exercising their fiduciary duties, invest in a just transition and the opportunities created? And what role is there for government to create and support new opportunities?
- How can investors best engage not only with investee companies but also with stakeholders locally, nationally and internationally about the risks and opportunities?
- What role is there for government to support a just transition (skills, active labour market policies, economic development, infrastructure investment, investment in communities) and how could investors be part of that process?
- What lessons can be learnt (both successes and failures) from the UK and abroad about previous initiatives to support people and places as their economy has experienced industrial change? And what initiatives are already underway that can be drawn on?

Who is on the inquiry?

The inquiry is being chaired by Clive Betts MP with the involvement of other Parliamentary officers and members of the APPG for Local Authority Pensions. The Inquiry is being supported by the Local Authority Pension Fund Forum (with support from their engagement partner PIRC) which represents 82 public pension funds and seven pool companies with combined assets under management of £300bn. The Smith Institute, an independent public policy think tank, is secretariat to the APPG.

Getting in touch

The inquiry will be running (virtual) sessions from January 2021 until the summer. The inquiry is also taking written evidence until the 30th April 2021. If you wish to attend the inquiry sessions, submit written evidence or comment on the inquiry please contact the 'Responsible investment for a Just Transition' Secretariat via Steve Barwick at steve.barwick@smith-institute.org.uk.