



2024 responsible investment update

The Pension Fund's beliefs and commitment

We view climate risk and the issues which contribute to it as a key risk to the Fund.

We support the objectives of the **Paris Agreement** and believe in keeping a global temperature rise this century to **well below 2°C (which we take to be 1.5°C)**.

The Pension Fund has committed to the aim for its investments to have **net-zero greenhouse gas emissions (which includes Scope 1, 2 and 3 emissions) by 2050 at the latest**.

There needs to be a transition to a low carbon economy, but it must be an orderly transition that is inclusive and does not leave anyone behind – a **Just Transition**.

We believe that these views are reflective of scheme members – our 2022 consultation told us most respondents (55%) believed that environmental factors were the most important Environment, Social and Governance (ESG) factor for the Fund.

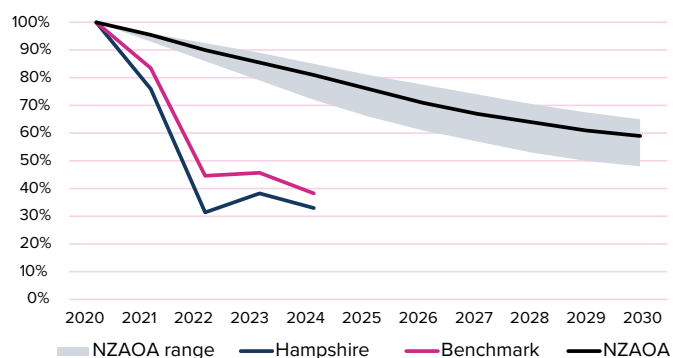
Monitoring the Pension Fund's progress

To track the Fund's progress to net-zero emissions, the Pension Fund measures against the Net-Zero Asset Owner Alliance (NZAOA) trajectory.

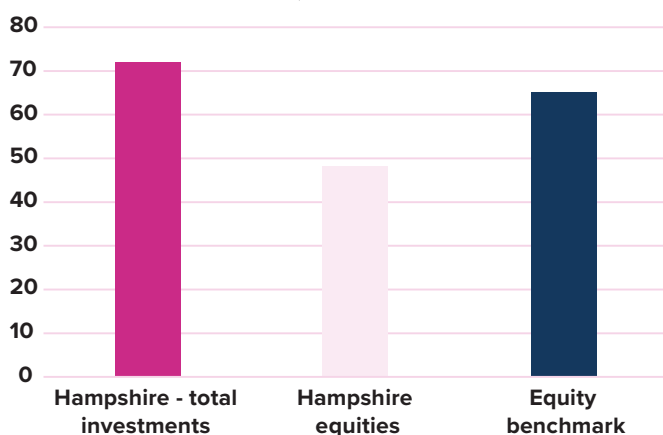
The latest figures for 2024 show the Pension Fund has achieved a 67% reduction since 2020, well below the NZAOA trajectory, and Hampshire's emissions continue to be below the benchmark.

The Pension Fund supports the Taskforce for Climate Related Financial Disclosures (TCFD) and continues to report based on its recommendations, including reporting its carbon emissions.

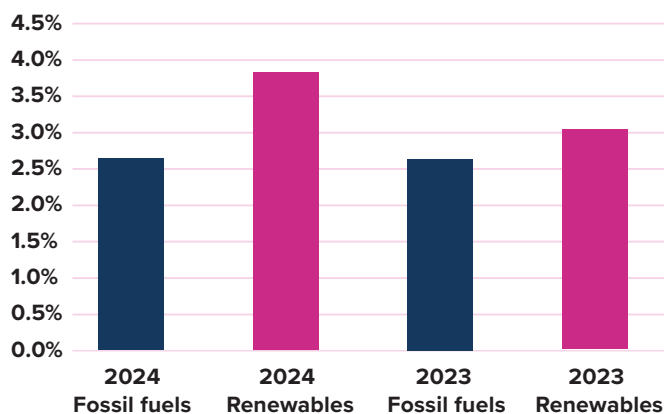
Decarbonisation – Hampshire equities (scope 1&2) NZAOA decarbonisation guidelines (indicative)
(% reduction vs. baseline)



2024 Carbon footprint (Scope 1&2) tCO2e/£m invested)



Holdings in fossil fuel and renewable investments



How the Pension Fund's investments are making a difference

The Pension Fund's lower carbon emissions are built on a number of decisions from previous years that steer the Fund's portfolios to lower carbon investments. In the last year, the Fund has gone further in deciding to:

- move its Emerging Market equity investments from a passive to an active portfolio, where an investment manager can make 'active' choices in selecting companies with better responsible investment credentials
- set targets that over 30% of the alternative investment portfolios are allocated to sustainable or impact investments by 2026

As examples of the types of positive investments that the Fund can make through its alternative investment portfolios, the following are examples of investments that the Fund's investment managers have already made.

Private Equity – Too Good to Go

The world's largest e-commerce marketplace for surplus food, which abrdn see as a highly credible sustainability-focused investment opportunity. Aldi UK have recently started working with Too Good to Go (following the successful collaboration with Aldi Germany).

Private Debt – CVI Clean Energy Fund

The fund's objective is climate risk mitigation through positive net greenhouse gas emissions. These, along with many other ESG KPIs, are tracked and monitored and reported to investors.

Infrastructure – Viridor Energy

The largest Energy from Waste portfolio in the UK with 11 operational facilities across England, Scotland and Wales. The company accepts waste from local municipalities and incinerates it to create renewable power and heat. This enables diversion of waste away from landfills, thereby lowering carbon emissions by more than 30%. Viridor's ESG strategy is to achieve Net Zero greenhouse gas emissions by 2040. Viridor's strategy includes rolling out plastic extraction concept in order to reduce emissions.

Find out more

More details of the Pension Fund's Responsible Investment approach are available at [Responsible Investment Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/responsible-investment)

If you have anything you'd like to share with the Pension Fund, please email responsible.investment@hants.gov.uk