



## Addendum by Councillor Burgess

### Pensions Committee

20 March 2024

## Item 6.4: Actuarial Valuation for Lothian Pension Fund

Add to recommendations:

- 1) Notes the report by the Financial Markets Law Committee on '*Pension Fund Trustees and Fiduciary Duties - Decision-making in the context of Sustainability and the subject of Climate Change*' (Feb 2024) which emphasises the importance of considering climate change as part of Pension fund trustees' fiduciary duties;
- 2) Notes that the plausible 'Climate catastrophe' scenario set out in Appendix 3 (section 1.4) of this report would very significantly impact the funding level of the Lothian Pension Fund within the next 20 years;
- 3) Notes from Appendix 3, the rapidly evolving development of 'narrative-based' climate modelling as a response to criticisms of current climate risk modelling by pension funds and also evidenced by the September 2023 joint report by the University Superannuation Scheme and the University of Exeter '*No Time to Lose - New Scenario Narratives for Action on Climate Change*';
- 4) Notes the acknowledgment in Appendix 3 that the output of further work on enhancing climate risk information for decision making will become available later in 2024;
- 5) Requests an update report, once enhanced climate-risk information is available later this year, on the implications for the fund's Funding and Investment Strategies, well in advance of the 2026 valuation, and including any implications for the Statement of Investment Principles and the approach to Responsible Investment.

**Moved by: Councillor Steve Burgess**

**Seconded by:**