



Don't be fooled by the GM Pension Fund's target to cut its carbon footprint by 50%

GMPPF's draft 2022 Annual Report includes a carbon footprint of its investments and sets a target to halve it by 2030. Don't be fooled. The footprint and target are totally misleading.

Read on to understand why.

GMPPF is not reporting total (absolute) emissions

The UK Government's [Occupational Pension Schemes \(Climate Change Governance and Reporting\) Regulations 2021](#) require all pension funds with over £5bn assets to report at least three climate metrics, including the absolute (i.e., total) emissions of its assets.

But GMPPF's [draft 2022 Annual Report](#) (see pages 50-52) includes only one metric of carbon intensity (a carbon footprint) and nothing on absolute emissions.

Only a measure of the absolute emissions of GMPPF's assets tells us anything about the Fund's contribution to the climate emergency.

GMPPF's carbon footprint and target are totally misleading ... and discredited

GMPPF's chosen metric is a carbon footprint measure known as the Weighted Average Carbon Intensity (WACI). The Regulations specify that Pension Funds must set an emissions target. GMPPF's new target is to reduce WACI by 50% by 2030.

Carbon intensity records a company's emissions per £m revenue. This is totally misleading, because it can fall even when a company's total emissions are increasing, because:

1. As oil and gas companies' revenues balloon, the carbon intensity per £m revenue will fall, even though total emissions might remain the same or even increase.
2. If average inflation stayed at about 10% for the next 10 years, most companies' revenues will more than double, other things being equal, automatically halving their carbon intensity.
3. If fossil fuel companies increase their revenue from non-fossil fuel activities, their carbon intensity will fall, even when they have not reduced their fossil fuel extraction and sales.

The Local Authority Pension Fund Forum's (LAPFF) own [Quarterly Report on Engagement \(April – June 2021\)](#) notes that 'on 26 May a Dutch Court concluded that Shell's plans (for reaching net zero) were inadequate on each of the points that LAPFF had highlighted....and that emissions were based on discredited "intensity" measures rather than absolute emissions. Yet GMPPF has chosen to use this same discredited measure.

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GMPF's carbon footprint ignores up to 95% of emissions caused by fossil fuel companies – those produced by users burning their products (known as scope 3).

GMPF's biggest fossil fuel holdings are in Royal Dutch Shell. The figures below from Shell reveal that its scope 3 emissions are 19 times higher than emissions from its own operations. But GMPF has only included own operation emissions in its carbon footprint and target.

Royal Dutch Shell's Absolute Carbon Emissions in 2021

Scope of emissions	Million tonnes of CO₂e* in 2021
Scope 1. Direct emissions from Shell's operations	60
Scope 2. Indirect emissions generated by purchase of electricity, heat, steam and cooling.	8
Scope 3. Upstream & downstream emissions, mainly purchasers burning Shell's products	1299

* Carbon dioxide equivalent

Source: [Shell Annual Report and Accounts 2021, Scope 1, 2 and 3 Greenhouse Gas Emissions](#)

If the total emissions of GMPF's fossil fuel holdings were included, we estimate that GMPF's carbon footprint would increase by over 75%!" (See how we calculated this figure [here](#).)

There is no excuse for omitting these emissions

GMPF's excuse for omitting these emissions is that they are hard to obtain. But we easily found scope 3 emissions data for four out of five of GMPF's top fossil fuel holdings (Royal Dutch Shell, Glencore, Anglo American and Total Energies.) These comprised 76% of the Fund's fossil fuel investments in March 2022.

The only one of the top five holdings that doesn't publish its scope 3 emissions is BP. GMPF has been claiming for years that it has been engaging with fossil fuel companies to make sure that they are moving away from fossil fuels, yet they feebly accept BP's complete failure to publish this figure. Incredibly, BP has just announced that it has [scaled back its emission reduction targets](#). Not that there was any sign that it was ever seriously planning to reduce them.

So how can GMPF genuinely halve its carbon emissions?

Almost half of GMPF's carbon emissions derive from its holdings in fossil fuel companies. The only way it could possibly halve its carbon emissions is by selling its £1.6bn direct holdings in these companies and reinvesting the money in clean alternatives.

Please act now

Please support our campaign by talking to your councillors and asking them to pass a resolution calling on GMPF to divest now.

Fossil Free Greater Manchester 11.6.23