

The Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

21 January 2021

RE: Net zero and the financial sector

CC:

The Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
The Rt Hon Kwasi Kwarteng MP, BEIS Secretary of State
The Rt Hon Alok Sharma MP, COP President

Dear Prime Minister,

As asset owners based in the UK, we strongly support the high ambition shown in the UK's Nationally Determined Contribution. We would welcome the opportunity to meet with you to discuss how the financial sector can contribute to the UK's decarbonisation efforts.

Climate change is recognised as the most significant global risk facing investors. For our beneficiaries, it threatens their livelihoods, their retirement savings, their health, their quality of life. Even a short delay in implementing the necessary policies increases the likelihood of a disorderly transition, threatening beneficiaries' savings and the resilience of the financial system.

The recently announced 68% greenhouse gas emissions reduction by 2030 and 10-point plan for a "green industrial revolution" is a strong and welcome move towards getting the UK economy on a net zero by 2050 trajectory, particularly regarding offshore wind and the ICE vehicle phase-out. Further detail on how this will be undertaken will be needed, as well as substantially more funding to match the scale of the transformation required. A net zero litmus test must be integrated into the government's long-term strategies and targets, utilising private finance where possible.

The domestic net zero strategy to be published this year must address the sustainable land use challenges faced by the UK, including meeting afforestation targets and peatland restoration. Improvements to energy efficiency in our buildings should also be prioritised, with an ambitious Future Homes Standard and the Green Homes Grant put on a permanent footing. We have attached a short note with additional information.

With public budgets under continued strain from the COVID-19 crisis, now is the time to utilise the City of London and private finance to help deliver the ambitious decarbonisation needed. This can be done through co-designing dedicated investment funds, such as the Charging Infrastructure Investment Fund, and ensuring the new National Infrastructure Bank has a clear net zero and resilience mandate alongside supporting the levelling up and just transition agendas.

The UK is in a unique position to mobilise climate ambition globally. There will be several opportunities over the next year to demonstrate the UK's commitment to limiting global warming to 1.5°C and to push others to do likewise, such as the UK-hosted G7 summit this summer, all of which must culminate in a COP26 which gets all countries on a trajectory to align with the Paris Agreement.

We understand that there are huge pressures on your diary, but we would be delighted to meet with you to see how we can work together to deliver successful outcomes ahead of COP 26.

Yours sincerely,

A handwritten signature in black ink that reads "Rachel Elwell". The script is cursive and fluid.

Rachel Elwell,
CEO,
Border to Coast Partnership

A handwritten signature in black ink that reads "Laura Chappell". The script is cursive and fluid.

Laura Chappell,
CEO,
Brunel Pension Partnership

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Morten Nilsson,
CEO,
BT Pension Scheme Management

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Mike Weston,
CEO,
LGPS Central

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Chris Rule,
Chief Executive,
Local Pensions Partnership Investments



David Murphy,
Chief Executive and Secretary,
NILGOSC

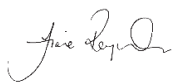


John Chilman,
CEO,
RPMI



Eve Keith,
Secretary to the Trustees
UNISON Staff Pension Scheme

Convened by:



Fiona Reynolds,
CEO,
Principles for Responsible Investment

The Rt Hon Grant Shapps MP
Secretary of State for Transport of the United Kingdom
Department for Transport
33 Horseferry Rd
London
SW1P 4DR

21 January 2021

RE: The transition to zero-emissions vehicles

Dear Secretary of State,

As asset owners based in the UK, we are calling for the Government to implement an early phase-out date for internal combustion engine vehicles.

Climate change is recognised as the most significant global risk facing investors. For our beneficiaries, it threatens their livelihoods, their retirement savings, their health, their quality of life. Even a short delay in implementing the necessary policies increases the likelihood of a disorderly transition, threatening beneficiaries' savings and the resilience of the financial system.

As one of the highest emitting sectors in the UK, decarbonising road transportation is an urgent priority. We strongly welcome the leadership the UK has shown in committing to a 2030 sales ban on petrol and diesel cars in the UK.

As important as the date of the sales ban is the policies underpinning the transition to zero-emissions vehicles (ZEVs). We recommend the Government integrates the following key principles in its ICE phase-out planning and Transport Decarbonisation Plan:

1. **Price-parity:** Consumers need to be incentivised to purchase ZEVs today, yet price-parity is not expected between electric vehicles (EVs) and traditional vehicles until the mid-2020s. A combination of tax incentives, subsidies and grants are needed to ensure consumers are not penalised for making sustainable choices. Similar incentives will be required to encourage commercial uptake of zero-emission heavy goods vehicles (HGVs).
2. **Smooth uptake:** Introduce a rising mandate for the sales of zero emissions vehicles, which would reach 100% of sales by 2030.
3. **Expanded charging infrastructure:** Expanding the charging network is a prerequisite for building consumer confidence in EVs. Public funding will be needed for charging stations in sparsely populated regions, and private finance should be relied upon where possible.
4. **Alternatives to car ownership:** A like-for-like switch from traditional vehicles to EVs is not desirable, considering the carbon cost of EV production. Car sharing and other alternatives can reduce consumer costs and improve quality of life, and should be incentivised.
5. **Just transition:** The Transport Decarbonisation Plan should set out how autoworkers and related service providers will be protected, give details of retraining to be provided, and

tackle the affordability of ZEVs for low-income groups and small businesses in the road haulage sector.

6. **Respect human rights:** EVs sold in the UK should be subject to due diligence requirements to ensure increased UK demand for certain materials does not contribute to human rights abuses.

As the hosts of COP26, the decisions made by the UK on its domestic decarbonisation efforts will have repercussions around the world, and will have a disproportionate weight in our ability to achieve net zero emissions by 2050 and protect our beneficiaries from the worst effects of climate change, both on their savings and on their lives.

Yours sincerely,



Rachel Elwell,
CEO,
Border to Coast Partnership



Laura Chappell,
CEO,
Brunel Pension Partnership



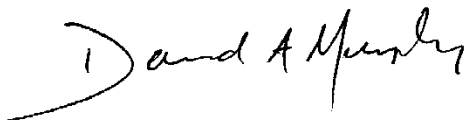
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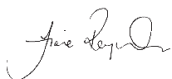


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