

# Pension funds are operating in the dark when it comes to...

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I noticed two articles concerning pensions and net-zero over the last couple of days. First [there was this from the Guardian](#):

*Pension funds should face legal obligations to bring their investments in line with the net zero greenhouse gas emissions goal*, the film-maker Richard Curtis has said.

Curtis, a co-founder of the Make My Money Matter campaigning group, urged ministers to follow up the UK's legal commitment to reach net zero emissions by 2050 by making it mandatory for pension schemes to align their portfolios with the target.

Then there [was this from the FT](#):

*The UK universities' pension scheme has set new interim targets for reductions in carbon pollution to spur progress towards achieving a goal of net zero greenhouse gas emissions across its portfolio by 2050.*

The FT added:

*The £82bn Universities Superannuation Scheme, the UK's largest private pension fund by assets, will measure the carbon intensity — emissions as a percentage of its assets under management — of its portfolio relative to a 2019 benchmark to assess progress towards net zero.*

For the record, I am a member of the USS.

Both articles refer to climate concern within the context of pension provision. Neither, I suggest, get near to a solution because they ask the wrong question.

Knowing the greenhouse gas emissions of a company is only of peripheral concern to a pension company. Admittedly, failure to address that issue might imply there will be few pensioners for whom provision might be needed, but eliminating greenhouse gas emissions is an insufficient criteria for ensuring a fund might be able to pay pensions.

What a pension fund needs to know is that emissions can be cut within the framework of a viable business entity. The second condition is, for a pension company, as important as the first. For the pensioner to survive but not have a pension would represent a mighty big failing by a pension fund.

In that case for pension funds to focus on emissions data alone is an error on their part. What they want to know is who can eliminate emissions at low cost and then build sustainable net-zero businesses thereafter. That requires that climate change, and its potential cost, be on the balance sheet now. It is not because we have nothing like [sustainable cost accounting](#) as yet. In that case pension funds are operating in the dark when it comes to climate change.