

How green is your pension? #ClimateMonth2020 #BuildBackBetter

The Trustee believes that incorporating responsible investments into investment decisions improves long term risk adjusted returns. The Trustee has been integrating environmental, social and governance (ESG) factors at various steps in its investment process for many years, and in June 2019 they formalised the scheme's responsible investment strategy to reflect the changing regulatory landscape. There are five core principles to the responsible investment strategy that has been implemented:

What

We believe that incorporating ESG factors into investment decisions improves long term risk-adjusted returns

We are an active owner – we vote proxies and engage, where appropriate

How

We take a pragmatic approach to responsible investments – we focus on what matters most

We note Zurich Group's strategy and will leverage its global resources where it makes sense

When

We will evolve our responsible investment approach over time – and acknowledge that we will never be done

The green projects the Defined Benefit (DB) arrangement (ZPen) invests in via the Infrastructure debt portfolio...

Renewables - onshore wind £52m*



The renewable energy projects have an estimated ESG impact (per annum) of 2,608MWh. This is the equivalent of providing energy for 841** households or 771 cars***

Renewables - offshore wind £26m*



... Not forgetting the investment in London's super sewer, this will reduce the amount of untreated sewage (estimated at 39 million tonnes) entering the River Thames every year

Renewables - ground mounted solar £71m*



Tideway 'London's Super Sewer' £63m*



*valuation as at 31 August 2020

** an average 3 bed house in the UK

*** based on 10,500 miles

The investments we restrict from the ZPen arrangement...

The Trustee has adopted Zurich Group's current restriction list, this excludes investment in the publicly traded equity and debt

Coal



Generate a material amount of their revenue from mining thermal coal, or produce more than 20 million tons of thermal coal per year
Generate a material amount of their electricity from coal
Are in the process of developing new coal mining or coal power infrastructure

Oil sands



Generate a material amount of their revenue directly from extraction of oil from oil sands
Are purpose-built (or "dedicated") transportation infrastructure operators for oil sands products, including pipelines and railway transportation.
Generate a material amount of their revenue from mining oil shale
Generate a material amount of their electricity from oil shale

What are we currently working on and future developments

ZCashBuilder (DC) review

We are currently working on the ZCashBuilder fund review, as part of the offering we are considering both the default and the self-select options. Responsible investment has been considered as a part of the review, including discussions around making a climate change fund available. We will announce the outcome of the full review in due course.

Task Force on Climate-related Disclosures (TCFD) developments

We will be responding to the DWP's consultation on TCFD disclosures which will mean more transparency for pension schemes. As a result of the consultation we will be working on formalising our climate change approach and additional reporting available to members.

