



# How green is your pension? #ClimateMonth2021

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. In June 2019 the Scheme formalised its responsible investment strategy with five core principles (shown below), the strategy continues to evolve as the world around us keeps changing.

## 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

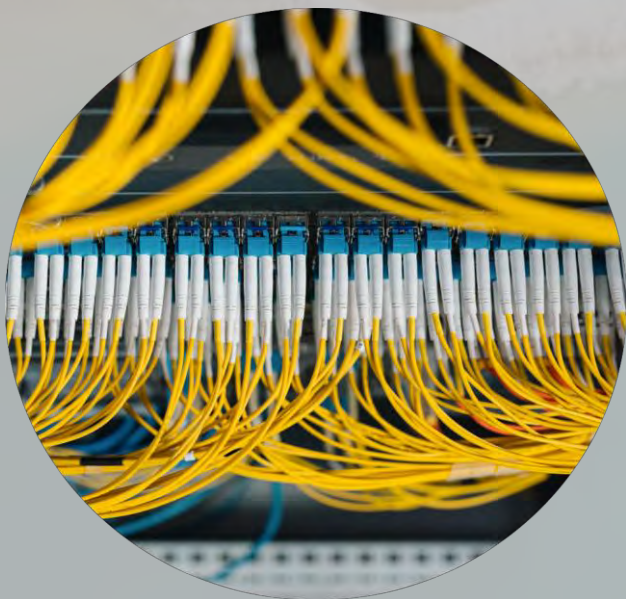
We note Zurich Group’s strategy and will leverage its global resources where it makes sense

## When

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

# The Responsible Investment strategy has been evolving

Since the last climate month update in September 2020, the Trustee has focused on embedding climate change risks and opportunities into governance, strategy and risk management.



The Trustee responded to the climate change consultations as well as the letter sent directly from Guy Opperman (Minister for Pensions)



The Trustee agreed a climate change strategy in 2021, the climate change policies will be published on [www.zpen.info](http://www.zpen.info)



The Trustee is currently working on a long-term ambition as well as considering signing up to an industry-wide RI group.



# Carbon reduction target

ZPen DB (final salary)



The Trustee agreed a short-term carbon reduction target for its equities and corporate bond portfolios totaling **£3.5bn**

Time period:	5 year
Reduction:	25%
Metric:	Weighted Average Carbon Intensity
Baseline:	December 2020



# Avoided emissions

ZPen DB (final salary)



Avoided emissions measure represents a difference between the **traditional way** of producing energy to **alternative ways** funded by the infrastructure debt projects shown below.

## Onshore wind

## Offshore wind

## Solar panels

Investment value August 2021

£52m

£26m

£71m



Avoided emissions

29.9 kt CO<sub>2</sub>e/year

13.6 kt CO<sub>2</sub>e/year

42.4 kt CO<sub>2</sub>e/year

Equivalent to:

UK households powered for a year



1,749



794



2,482



# Fund review

ZPen DC (ZCashBuilder)

ZCashBuilder



Responsible Investing is incorporated into the default fund range through focussing on **active ownership**



The self-select fund range has been amended to add the Responsible Investments focused fund 'LGIM Future World'