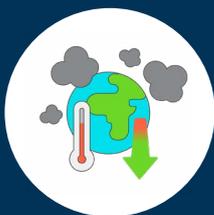


Our climate targets



Net Zero₁ investments by 2040



50% reduction in emissions₂ by 2025



Align our assets in material sectors₃ to our net zero pathway by 2025



Invest a minimum of 10% to climate solutions₄

What is climate change?

Climate change is long-term shifts in temperature and weather patterns. Human activities such as burning fossil fuels like coal, oil and gas, have been some of the main drivers of climate change.

These activities cause the emission of greenhouse gases, mainly carbon dioxide, which are damaging our planet. These greenhouse gases are adversely affecting climate change by causing temperatures to rise (also known as global warming), intense droughts, water scarcity, severe fires, rising sea levels, declining biodiversity and more.

Why does climate change matter to pensions?

Climate change can pose a risk to our members' pension investments if not managed effectively. These risks can be physical risks to companies invested in, such as environmental events like floods or storms, or transition risks from changes in policy and new technologies, such as the growth of renewable energy. As well as being a risk to manage, there are climate-related opportunities to invest in, which can provide good investment returns in the long term, in addition to helping with the issues around us.

What are we doing to tackle climate change?

We are focusing on making a real difference with how we invest by reducing our emissions to ensure we stay ahead of the rising global temperature and by carrying out robust engagement and oversight of our investments. [Read more here.](#)

1 Net zero refers to equalling the amount of greenhouse gases produced and the amount removed from the atmosphere, through the investments we make.

2 tCO₂e are tonnes of CO₂ and equivalent greenhouse gas emissions calculated by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming.

3 Climate change mitigation and climate change adaptation categories of the EU taxonomy standards.

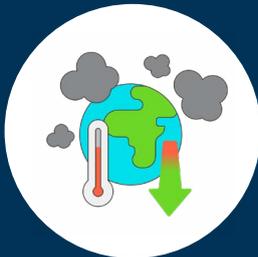
4 Material sectors are outlined in the European Commission's Nomenclature of Economic Activities ("NACE") under codes A-H and J-L.

Our targets in detail



Net Zero¹ investments by 2040

We are making investments which will help to align our default growth fund to a pathway which reaches net zero emissions by 2040.



50% reduction in emissions² by 2025

Our 50% reduction target is set over six years from our base year 2019, and based on tonnes of CO₂ equivalent per million pounds invested (tCO₂e/£m)³. We will look to report on our emissions annually in our Task Force on Climate-Related Financial Disclosures (“TCFD”) report.



Invest a minimum of 10% into climate solutions³

We are aiming to consistently allocate a minimum of 10% of our default growth fund to climate solutions, which are projects or products which help us to adapt to climate change occurring and/or reduce and stabilise the amount of greenhouse gases in our atmosphere, such as companies supplying renewable energy.

We would like to explore this further over time as we monitor this allocation and continue to search for new investment opportunities and focus on new developments in the market.



Align our assets in material sectors⁴ to our net zero pathway by 2025

We recognise that reducing our emissions and targeting net zero by 2040 will require active engagement with companies and investments in new opportunities. Our voting and engagement policy focuses on aligning material sectors to a net zero pathway including power, coal mining, oil and gas upstream sectors, car manufacturing, cement, steel and aviation. We are exploring solutions which allow us to have more control over our voting as issues arise.