



# Church of England Pensions Board

Adam C.T. Matthews  
Director, Ethics and Engagement

## Fund Outline

- £2.8 billion AUM and growing
- 38,000 current and future beneficiaries (clergy and church workers)
- Long term institutional investor invested globally and across multiple asset classes
- Embed ethical policies into our investment approach
- Climate Change viewed as both a financial and ethical risk



1 yr (to end of 2019)	15.5% (net of fees)
3 yr	8.2% p.a.
5 yr	8.6% p.a.
10 yr	9.2% p.a.
15 yr	8.0% p.a.

# Serving Our Beneficiaries' Interests: Our Approach to Climate Change



# Understanding the Transition



Public Policy Engagement

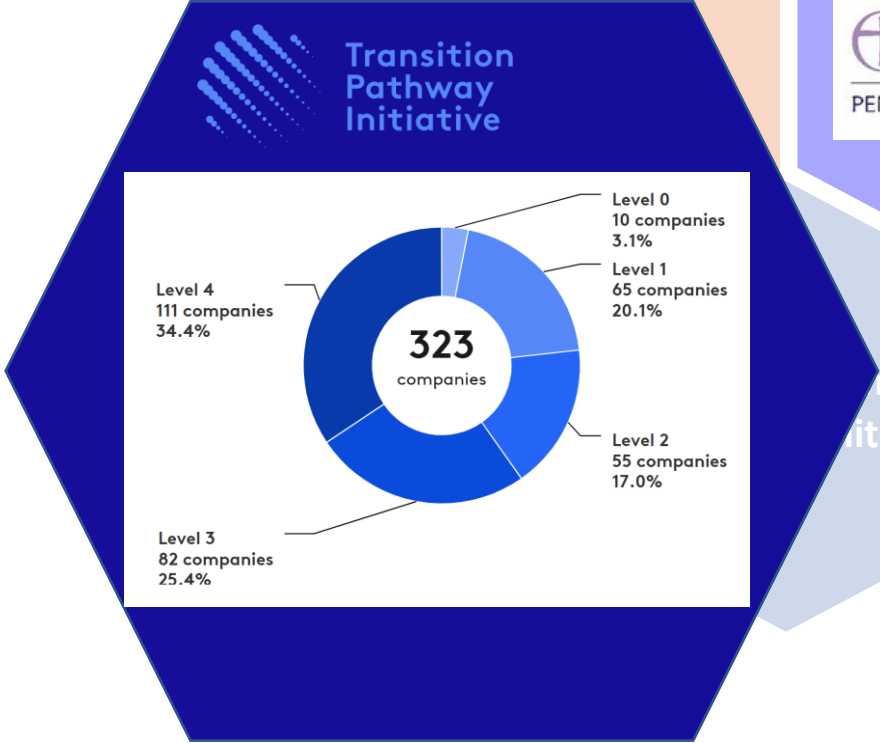
Understanding the Transition

**Asset Owner Tool**  
2017 Created & Co-Chair (on behalf of National Investing Bodies) with the Environment Agency Pension Fund the Transition Pathway Initiative (TPI) to provide an independent academic asset owner tool – expanding to sovereign & corporate bonds  
**Supported by 64 funds with \$19 trillion AUM**

Robust Stewardship &



Carbon



Portfolio Monitoring



# Robust Engagement & Stewardship



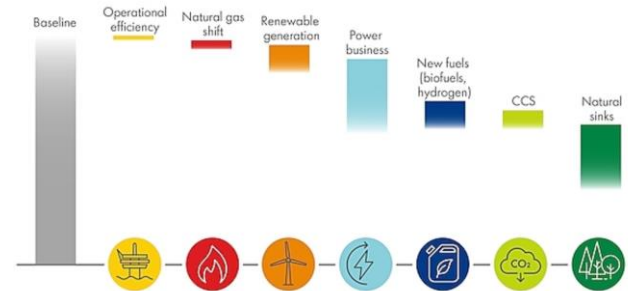
# Robust Engagement & Stewardship

## Case Study: Net Zero Pathway



**65% Net Carbon Footprint Reduction**

MEETING THE AMBITION: HOW SHELL COULD CHANGE



An infographic showing how Shell could change in the future

**35% Pivoting to Net Zero Committed Customers**



# Taking Action & Manager Monitoring

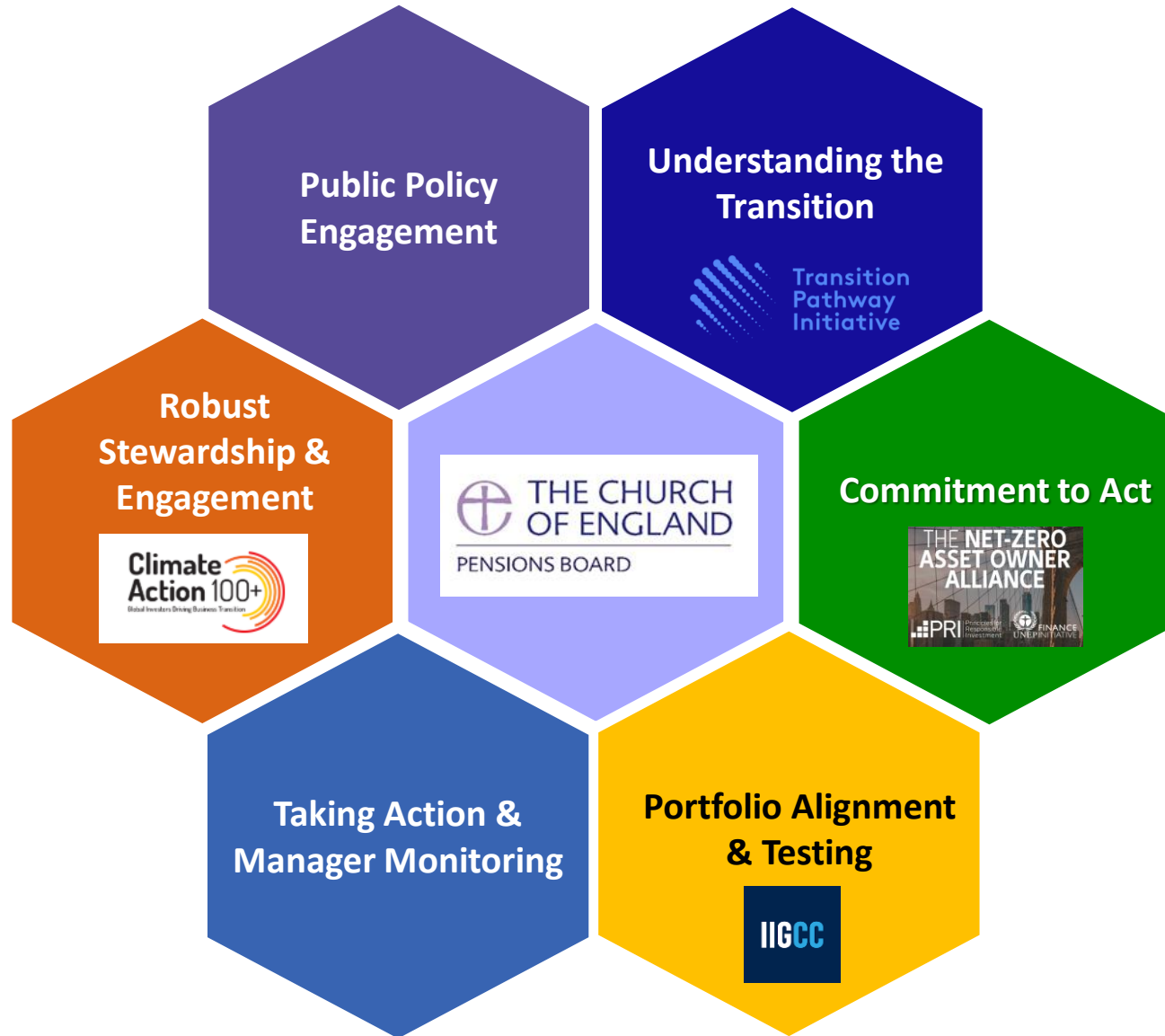


# Public Policy Engagement





# Serving Our Beneficiaries' Interests: Our Approach to Climate Change





WHAT?

**1. PLANNING  
AND  
DISCUSSION**

WHY?

SET EXPECTATIONS,  
IMPROVE  
UNDERSTANDING,  
E,S or G?

OUTPUT

JOINT,  
ACTIONABLE  
POLICY

## WHAT?

## WHY?

## OUTPUT

**1. PLANNING  
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E,S or G?JOINT,  
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POLICY**2. ANALYSIS /  
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## WHAT?

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AGREE PLAN**3. IMPLEMENT**MAKE PORTFOLIO  
CONSISTENT WITH  
POLICYPROGRESS TO  
TARGETS

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CONSISTENT WITH  
POLICYPROGRESS TO  
TARGETS**Large scheme /  
engaged sponsor****Bespoke target  
setting****Engagement  
with managers****Impact  
investing**

## WHAT?

## WHY?

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investing

Small scheme

Engagement  
with advisors

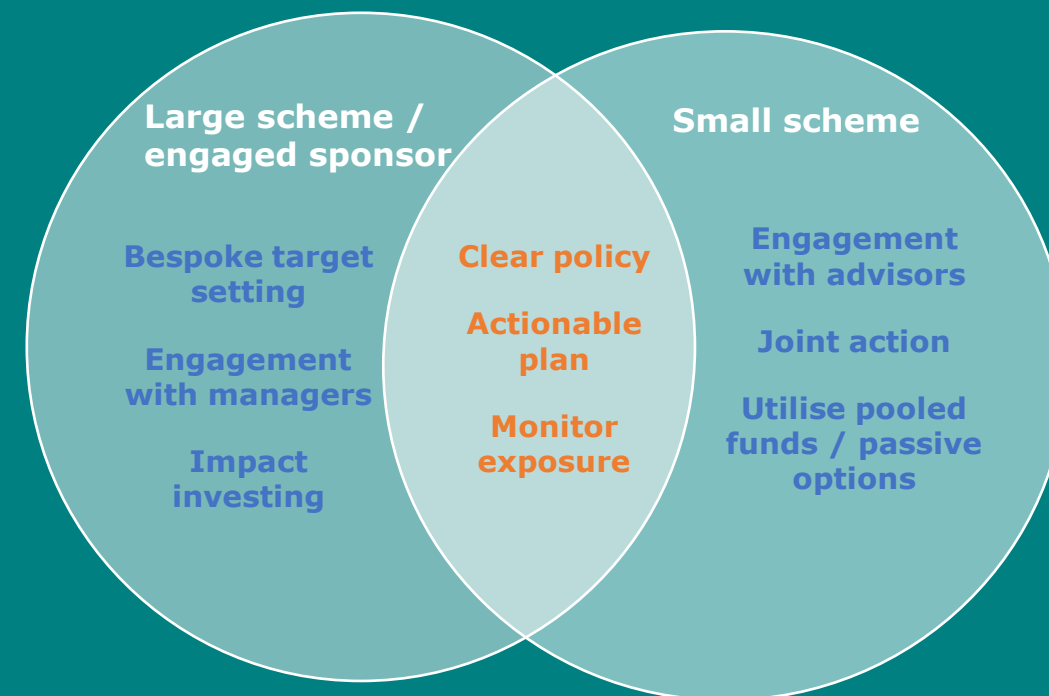
Joint action

Utilise pooled  
funds / passive  
options

## WHAT?

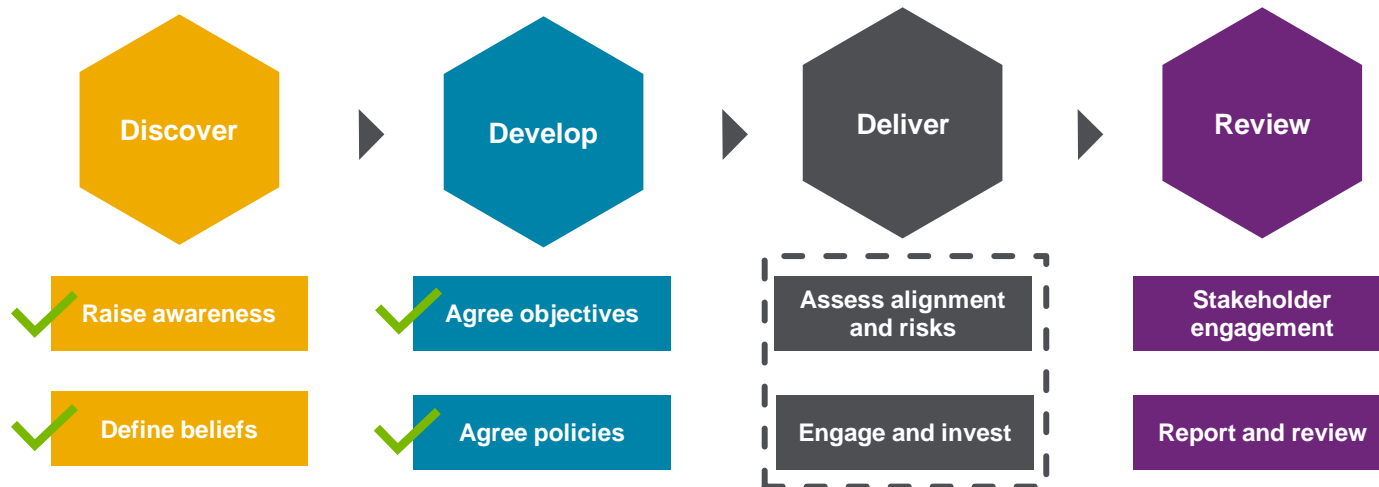
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# The Responsible Investment Roadmap



# Can capability keep up with the ambition?

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**50%**

reduction in carbon emissions needed **over the next decade** to limit the rise in global temperatures to no more than 1.5 degrees Celsius above pre-industrial levels by the end of the century

**73%**

of trustees believe that **climate change will impact on returns** within a timeframe they are concerned about

**47%**

of trustees believe they have **a duty and an ability** to help tackle climate change

# How are pension schemes addressing this?

## Scheme A

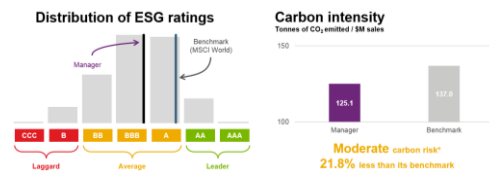
Beliefs

Sponsor initiated

Objectives  
and policies

ESG “best-in-class”

Assess alignment  
and risks



Engage and invest

Replace equity managers

# How are pension schemes addressing this?

