

The People's Pension Scheme Statement of Investment Principles



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1. Introduction

- 1.1 This Statement of Investment Principles (SIP) has been prepared by The People's Pension Trustee Limited (the Trustee), the Trustee of The People's Pension Scheme (the Scheme).

This statement sets down the principles that govern the investment decisions that enable the Scheme to meet the requirements of relevant regulations currently in force, including:

- The Pensions Acts 1995 and 2004.
 - The Occupational Pension Schemes (Investment) Regulation 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015, as well as to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK.
 - The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2 The Trustee has consulted a suitably qualified person by obtaining written advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.
- 1.3 The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by this statement or in the profile of the Scheme's membership. The Trustee will take expert investment advice and consult with the founder of the Scheme (as the nominated representative of the employers of the Scheme) over any changes to the SIP.
- 1.4 The powers of the Trustee are set out in Clause 51 of the Definitive Trust Deed and Rules, dated 30 May 2022. This statement is consistent with those powers.

2. Choosing investments

- 2.1 The Trustee's policy is to offer a default investment arrangement plus a core range of investment funds suitable for the Scheme's membership profile. Details of these are given in appendix 1. In doing so, the Trustee considers the advice of its professional advisers.
- 2.2 The Trustee carefully considers its investment objectives, shown in appendix 1, when designing the range of investment options to offer to the Scheme's members. The Trustee also acknowledges that members will have different attitudes towards risk and different aims for accessing their retirement savings. Therefore, while seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.
- 2.3 The day-to-day management of the Scheme's assets is delegated to the Scheme's investment manager, State Street Global Advisors. The investment manager is authorised and regulated by the Financial Conduct Authority and is responsible for stock selection and the exercise of voting rights.
- 2.4 The Trustee reviews the appropriateness of the Scheme's investment strategy on a continual basis. This review includes consideration of the competence of the investment manager with respect to its performance within any guidelines set.

3. Investment objectives

- 3.1 The Trustee has discussed and agreed on key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustee faces in achieving these objectives. These are set out in more detail in appendix 1.
- 3.2 The default strategy is designed to be appropriate for the average member, considering membership demographics and risk tolerance. It aims to balance the risk and expected return over the lifetime of a member.

4. The kind of investments to be held

- 4.1 The Trustee is permitted to invest in a wide range of assets, including equities, bonds, cash, property, derivatives, and alternatives, subject to complying with relevant legislation.
- 4.2 In practice, the kinds of investments held by the Trustee depend upon the investment strategy of the relevant fund. Details of these are given in appendix 1.

5. The balance between different kinds of investments

- 5.1 The Trustee has made available a range of investment profile options. Through these options, members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, whilst a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher-risk funds (i.e., investment largely in growth assets such as equities) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower-risk assets so as to protect the value of their savings.

- 5.2 Members can choose to invest in any of the funds detailed in appendix 1 or can elect to invest in a lifestyle strategy. Where members don't choose where their contributions and those made on their behalf by the employer are invested, the Trustee will invest these contributions according to the default investment strategy set out in appendix 1.
- 5.3 The Trustee considers the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.
- 5.4 The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and that the asset allocation may change as the membership profile evolves.

6. Investment risk

6.1 Risk in a defined contribution scheme sits with the members themselves. The Trustee has considered members' circumstances and considered ways of managing risks when designing the investment strategy for the Scheme. Details of this are given in appendix 1.

6.2 A comprehensive list of risks is set out in the Trustee risk register. The main investment risks affecting all members and the ways the Trustee measures and manages these are listed below.

Risk	Description	Mitigation
Inflation risk	The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the member's retirement savings.	The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the amount likely to be received.	<p>In the investment profile options made available through the Scheme, the Trustee changes the proportion and type of investments so that in the run-up to retirement, the investments gradually start to more closely match how the Trustee expects members to access their retirement savings. The Trustee keeps the appropriateness of the strategies under review.</p> <p>The Trustee also makes alternative funds available, which members may select to better suit their own circumstances.</p>
Retirement benefit risk	The risk that a member's retirement benefit falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid.	<p>The Trustee periodically reviews the appropriateness of the investment options offered to ensure member outcomes can be maximised.</p> <p>The level of contributions is outside the Trustee's control.</p>
Investment manager risk	The risk that an investment manager underperforms against the benchmark which they're assessed against in the long term.	The Trustee monitors the performance of the Scheme's investment manager on a regular basis through performance information and regular meetings with them. The Trustee has a written agreement with the investment manager that contains a number of restrictions on how the investment manager may operate.

Risk	Description	Mitigation
Market risk	Market risk refers to the risk that an investment may fall in value due to fluctuations in the market.	The investment manager is expected to invest in properly diversified portfolios and spread assets across a number of individual shares and securities.
Currency risk	Some of the funds made available to members by the Trustee can invest in overseas assets that will be denominated in currencies other than Sterling. There is, therefore, a risk that the relative movements of Sterling and other currencies will lead to losses (or gains) in the value of the investment.	The Trustee monitors the impact of currency risk on the portfolios. The currency exposure associated with a proportion of certain assets held is hedged back to Sterling to reduce the potential impact.
Operational risk	The risk of fraud, poor advice, errors, administrative failure, or acts of negligence.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
Environmental, social and governance (ESG) risk	ESG risks can have a significant effect on the long-term performance of assets held by the Scheme.	The Trustee has a policy on responsible investment that addresses how these risks should be managed. This is included in appendix 2.
Index selection risk	The risk that an inappropriate index is selected.	The Trustee takes advice from regulated advisers when making investment decisions.

7. Expected return on investments

- 7.1 The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustee is advised on these matters by its professional advisers. However, the day-to-day selection of investments is delegated to the investment manager.
- 7.2 The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

8. Realisation of investments

- 8.1 The Trustee has delegated the responsibility for buying and selling investments to the investment manager. This role includes considering the liquidity of the investments in the context of the likely needs of members and the payment obligations of the Scheme.

9. Financially material considerations

- 9.1 The Trustee believes that environmental, social and governance (ESG) factors can affect the performance of investment portfolios and should be considered as part of the Scheme's investment policy.
- 9.2 The Trustee's policy on responsible investment (appendix 2) outlines its approach to ESG factors and whether or not they are considered financially material.
- 9.3 ESG factors are integrated into the portfolio when they are believed to be material to the portfolio's return prospects or risk characteristics. Integration may mean using the ESG factor to influence the weights of securities, sectors, or asset classes held in a portfolio.

When an ESG issue is identified that negatively affects a small number of potential investee companies, the Trustee will consider whether a wholesale exclusion from the Scheme's portfolios might be suitable.

If a factor can't be addressed by exclusion or integration, the Trustee will consider how it could be addressed through engagement with investee companies.

- 9.4 The Trustee relies on the expert opinion of the Intergovernmental Panel on Climate Change (IPCC), United Nations Framework Convention on Climate Change (UNFCCC), Committee on Climate Change (CCC), and the UK government and regulators in concluding that climate change poses a material financial risk to member investment values. While the scientific evidence is compelling, we acknowledge that there is still debate about the politics and process of addressing climate change, which will reward or harm different strategies.
- 9.5 The Trustee has agreed to a Climate change policy (appendix 3) as climate change is likely to be the most financially material of the ESG issues as it will affect every business sector and geography.
- 9.6 The Trustee has a fiduciary duty to consider all material financial risks when making all investment decisions and makes no distinction in this between the default and self-select funds. In fulfilling this duty, the Trustee also expects its investment managers to take all financially material considerations into account, over an appropriate time horizon of the investments, when selecting, retaining and

realising investments. This includes, but is not limited to, ESG factors (including, but not limited to, climate change) where these are considered relevant financial factors. We receive, review, and publish reports from our investment managers on the steps they take on our behalf, including voting and engagement.

Further detail on how this approach is implemented in practice is set out in appendix 2 (Policy on responsible investment) and appendix 3 (Climate change policy).

The Trustee recognises that its duty to act as a fiduciary for the members extends to all funds. As such, ESG risks, including climate change, must be managed across all member options as far as possible, recognising the greatest scale and ability to influence investments lies in the default funds.

10. Non-financial factors

- 10.1 The Trustee believes that non-financial factors should be considered when selecting, retaining, and realising investments where this is consistent with the Trustee's key objective to enable members as a whole to provide adequately for their retirement. By 'non-financial factor', we mean the views of members and beneficiaries, including (but not limited to) their ethical views and their views in relation to ESG factors and the present and future quality of life of the members and beneficiaries of the scheme.
- 10.2 The Trustee engages with members on their investment priorities through surveys available online and by telephone. These surveys include questions concerning ethical and ESG factors.
- 10.3 Where exposure to a non-financial factor has no apparent effect on portfolio risk or return characteristics, the Trustee would consider possible routes of screening this issue from the portfolio if they consider members likely to find it concerning that such investments are made.
- 10.4 The Trustee has agreed to a Policy on responsible investment (appendix 2) that outlines its approach to ESG and ethical factors and whether or not they are financially material.
- 10.5 The Scheme also offers members self-select funds, such as the Ethical Fund and the Shariah Fund, which allow them to invest in accordance with their views.

11. Voting rights, corporate governance and engagement principles

11.1 The Trustee expects its investment managers to vote and engage with companies and other relevant persons in global markets. This protects and promotes good standards and practices and helps to safeguard long-term economic value for our members. The Trustee has access to regular reports from our core investment managers on how they vote and engage with the companies we invest in through them.

The Trustee accepts that pooled vehicles will be governed and constrained by the individual investment policies of the investment manager. However, the Trustee recognises the important role it has in influencing positive ESG standards, both through voting on key policies and decisions at general meetings and through the manager's ability to engage with boards on the Scheme's behalf as an asset owner.

Principally, the Trustee believes the primary responsibility of the board of directors of each of the underlying companies held by the Scheme is to preserve and enhance shareholder value and protect shareholder interests.

11.2 The Trustee's policy on responsible investment (appendix 2) includes proxy voting and engagement principles. The most likely areas the Trustee expects the investment managers to engage with companies on are:

- performance
- strategy
- the structure of company boards
- audit-related issues
- capital structure remuneration
- ESG-related issues.

11.3 The Trustee supports the UK stewardship code published by the Financial Reporting Council and expects the Scheme's investment managers to comply with the code. Such managers are expected to report on their adherence to the code on an annual basis.

11.4 The Trustee requires its investment managers to be signatories to the Principles for Responsible Investment (PRI) and calls on all institutional participants in markets to adopt these global principles.

11.5 The Trustee acknowledges the importance of ESG and climate risk within their investment decision-making framework. The Scheme invests exclusively in pooled funds at present, and this policy is therefore framed around how the Trustee interacts with, monitors, and may seek to influence the pooled fund managers. When delegating investment decision making to their investment managers, the Trustee provides their investment managers with a benchmark they expect the investment managers to either follow or outperform. The benchmarks to be used reflect the positioning the investment manager is expected to take within an investee company's corporate structure.

The Trustee is firmly of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e., that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate-related issues are constantly evolving, and along with them, so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investments managers' role to assess and monitor developments in the capital structure for each of the companies in which the manager invests. The Trustee also considers it to be part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG-related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. The Trustee expects the investment manager to employ the same degree of scrutiny for pooled funds as if the investment had been made on a direct basis.

Should an investment manager be failing in these respects, this should be captured in the regular monitoring of the managers' activity.

12. Asset manager arrangements

- 12.1 Prior to appointing the investment manager, the Trustee discusses the investment manager's benchmark and approach to stewardship, as well as the management of ESG and climate-related risks, with the Scheme's investment consultant, and how they are aligned with the Trustee's own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how stewardship, ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be materially out of line with their own investment objectives for the part of the portfolio being considered, they will consider another manager for the mandate.

The Scheme's investment consultant is independent, and no arm of their business provides asset management services. This, and their FCA regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee carries out a strategy review at least every 3 years, where they assess the continuing relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to stewardship, ESG and climate-related risks on an annual basis.

In the event that the investment manager ceases to meet the Trustee's desired aims, including stewardship and the management of ESG and climate-related risks, using the approach expected of them, the Trustee will expect to work with the investment manager to improve the alignment of their objectives. Should the collaboration with the investment manager be deemed unsuccessful by the Trustee, their appointment may be reviewed or terminated. The investment managers have been informed of this by the Trustee.

Investment manager stewardship, ESG and climate policies are reviewed in the context of

best industry practice, and feedback is or will be provided to the investment manager.

- 12.2 The Trustee is mindful that the impact on performance of stewardship, ESG and climate change may have a long-term nature. However, they are aware that the risk associated with them may be much shorter-term in nature. The Trustee has acknowledged this in their investment management arrangements.

When considering the management of objectives for an investment manager (including stewardship, ESG and climate risk objectives) and then assessing their effectiveness and performance, the Trustee assesses these over mutually agreed rolling timeframes. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon.

The Trustee expects investment managers to vote and engage on behalf of the fund's holdings, and the Scheme monitors this annually. The Trustee does not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short-term targets.

- 12.3 The Trustee monitors the performance of their investment managers over medium to long-term time periods that are mutually agreed with the investment managers and are consistent with the Trustees' investment aims, beliefs and constraints. The investment consultant assists the Trustee in this monitoring process.

The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee.

The Trustee believes that this fee structure enables the investment manager to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.

The Trustee asks the Scheme's Investment Consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges is considered annually.

- 12.4 The Trustee defines portfolio turnover as how often assets are bought and sold by the managers in the course of their investment management activities. During the investment manager appointment process, the Trustee considers both past and anticipated portfolio turnover levels. Overall performance is assessed as part of the regular investment monitoring process, which can be impacted by turnover costs.

The Trustee recognises that there are circumstances when turnover costs are unavoidable, e.g., changing managers.

The Trustee does not target a specific portfolio turnover. The Trustee recognises that turnover costs are necessary where they are incurred to ensure the Scheme remains in investments that will provide rather than detract from performance over the long term. They are mindful that high turnover costs have the potential to adversely affect overall performance. When monitoring turnover costs, both the level and reason behind them are considered and, if necessary, investigated further.

- 12.5 For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints are assessed every three years, or more frequently when changes deem it appropriate to do so. As part of this review, the ongoing appropriateness of the investment managers and the specific funds used is assessed.

13. Monitoring

- 13.1 Investment performance: The Trustee reviews the performance of each investment option offered through the Scheme against the stated performance objective and receives a performance monitoring report. This monitoring considers both short-term and long-term performance. The investment manager's overall suitability for each mandate will be monitored as frequently as the Trustee considers appropriate in light of both its performance and other prevailing circumstances.

- 13.2 Objectives: The Trustee monitors the suitability of the objectives for the Scheme (appendix 1) and performance (net of fees) against these objectives at least every three years. It also does this when there is any significant change in the investment policy, underlying economic conditions, or profile of the members.

- 13.3 Investment choices: The Trustee monitors the appropriateness of the investment choices offered on a periodic basis.

- 13.4 Engagement and stewardship: The Trustee monitors the engagement and stewardship activities undertaken by the investment managers on an annual basis.

14. Agreement

- 14.1 This Statement was agreed by the Trustee and replaces any previous statements. Copies of this Statement and any subsequent amendments will be published on the Scheme website and made available to any participating employer, the investment manager, and the Scheme auditor upon request.

Signed:



Date: 1 April 2023

On behalf of The People's Pension Trustee Limited
Trustee of The People's Pension Scheme

Appendix 1

Note on investment policy in relation to the current Statement of Investment Principles, dated 1 April 2023.

1. Scheme investment objective

- 1.1 The Trustee's key objective is to enable members to provide adequately for their retirement via appropriate investment of their accumulated pension contributions.
- 1.2 In relation to the default option in particular, the objective is to provide an investment strategy that is intended to be suitable for a typical member.
- 1.3 To ensure that the expected volatility of the returns is achieved, the level of volatility and risk in the value of members' pension pots is managed through appropriate diversification between different asset types.

2. The default option

- 2.1 Having analysed the Scheme's membership profile, the Trustee decided that the investment profile set out below represents a suitable default investment option for the majority of members who don't make a choice about how their contributions (and those made on their behalf by the employer) are invested. The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries.

The default strategy is known as the balanced investment profile.

- 2.2 The balanced investment profile is made up of two funds:

Fund name	Objective	Asset allocation
Global Investments (up to 85% shares) Fund	<p>Purpose: The fund is a balanced risk long-term capital growth fund.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI).</p> <p>Return objective: CPI+3% per annum on a gross of fees basis.</p>	66% Equity 7% Infrastructure 7% Property 3% Corporate Bonds 3% Gilts 4% US Treasuries 10% Global Fixed Interest
Pre-Retirement Fund	<p>Purpose: The fund is a low to medium-risk fund that balances capital preservation and capital growth.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI).</p> <p>Return objective: CPI+1% per annum on a gross of fees basis.</p>	9% Gilts 9% Corporate Bonds 12% US Treasuries 16.4% Equity 1.8% Infrastructure 1.8% Property 20% Money Market 30% Global Fixed Interest

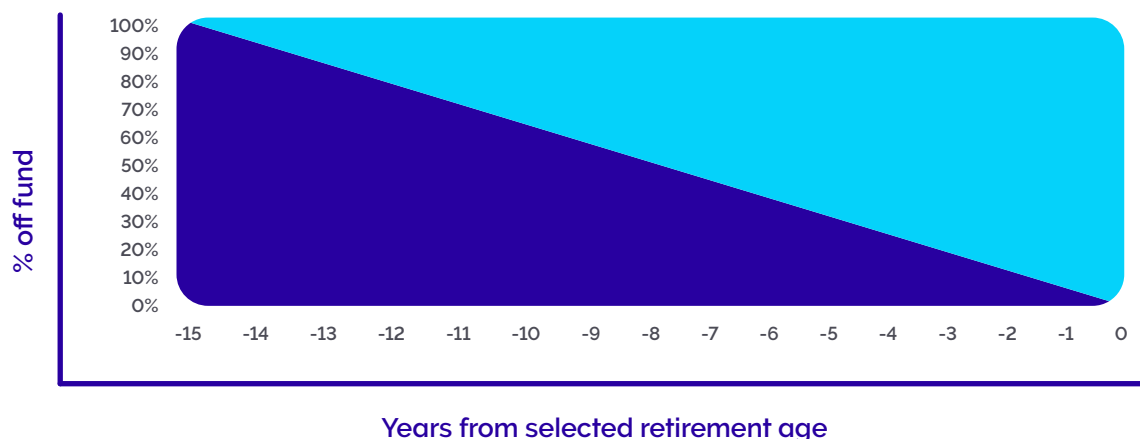
Correct at 1 April 2023.

- 2.3 The investment profile gradually moves a member between the two funds depending on their proximity to their retirement age (state pension age unless the member has selected otherwise), as illustrated below:

Years from retirement	B&CE Global Investments (up to 85% shares)	Pre-Retirement Fund
-15	93.75%	6.25%
-14	87.50%	12.50%
-13	81.25%	18.75%
-12	75.00%	25.00%
-11	68.75%	31.25%
-10	62.50%	37.50%
-9	56.25%	43.75%
-8	50.00%	50.00%
-7	43.75%	56.25%
-6	37.50%	62.50%
-5	31.25%	68.75%
-4	25.00%	75.00%
-3	16.67%	83.33%
-2	8.34%	91.66%
-1	0.00%	100.00%
0	0.00%	100.00%



Fund share in the 15-year glidepath



- 2.4 The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their savings, so it's not possible to offer a default investment option that will be suitable for all. However, the Trustee believes that the default option provided represents a suitable default investment option for members who don't make a choice about how their contributions (and those made on their behalf by their employer) are invested.

3. Alternative investment choices

- 3.1 The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their savings. Therefore, it's not possible to offer a single investment option that will be suitable for each individual member.

3.2 Investment profiles

Alongside the default, the Trustee has made two alternative investment profiles available.

The 'cautious' investment profile uses the same basis as described above but initially invests in the Global Investments (up to 60% Shares) Fund instead of the Global Investments (up to 85% Shares) Fund.

The 'adventurous' investment profile uses the same basis as described above but initially invests in the Global Investments (up to 100% Shares) Fund instead of the Global Investments (up to 85% Shares) Fund.

3.3 Self-select options

The Trustee has made a number of funds available for members to self-select from. These are shown in the table below.

Fund name	Objective	Asset allocation
Global Investments (up to 60% shares) Fund	<p>Purpose: The fund is a moderate risk long-term capital growth fund.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI).</p> <p>Return objective: CPI+2.5% per annum on a gross of fees basis.</p>	<p>49.4% Equity 5.3% Infrastructure 5.3% Property 6% Corporate Bonds 6% Gilts 8% US Treasuries 20% Global Fixed Interest</p>
Global Investments (up to 100% shares) Fund	<p>Purpose: The fund is a higher risk long-term capital growth fund.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI).</p> <p>Return objective: CPI +3.5% per annum on a gross of fees basis.</p>	<p>82.4% Equity 8.8% Infrastructure 8.8% Property</p>
Ethical Fund	<p>Purpose: The fund is a higher risk long-term capital growth fund.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI) while screening out companies that do not exhibit high ESG standards.</p> <p>Return objective: CPI+3.5% per annum on a gross of fees basis.</p>	<p>100% Global Equity</p>
Shariah Fund	<p>Purpose: The fund is a higher risk long-term capital growth fund.</p> <p>Return frame: To generate returns in excess of Consumer Price inflation (CPI), while investing in the largest global shariah compliant companies.</p> <p>Return objective: CPI+3.5% per annum on a gross of fees basis.</p>	<p>100% Global Equity</p>

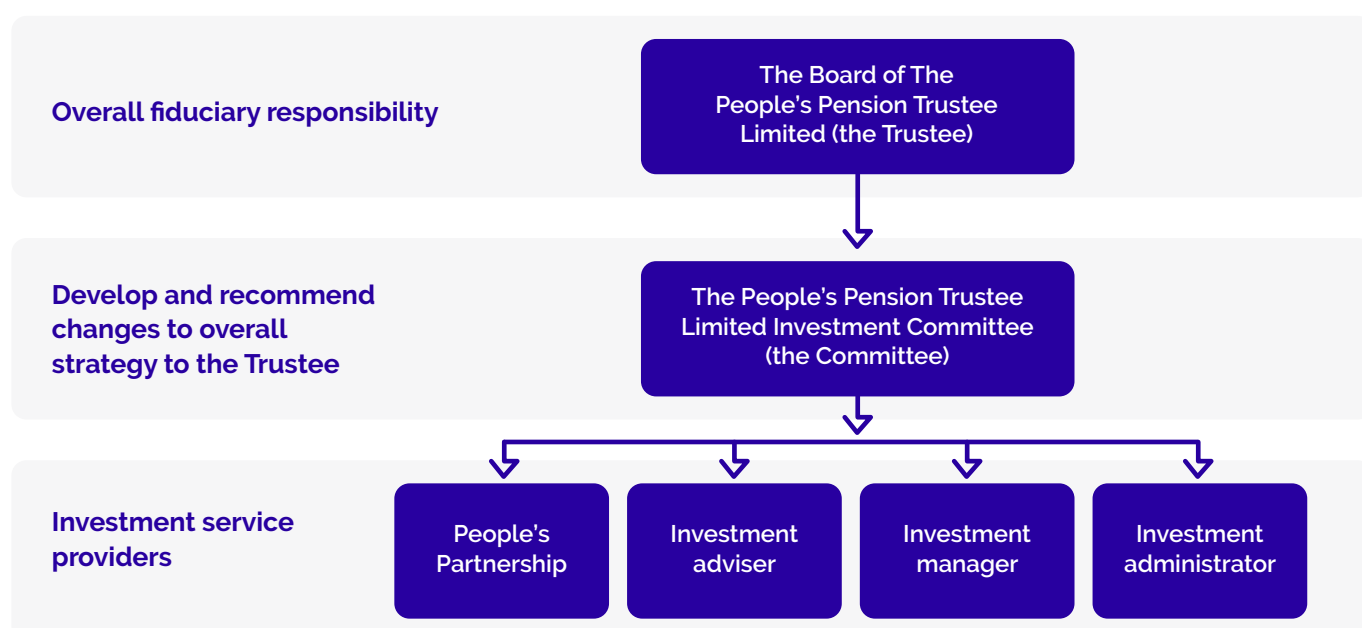
Fund name	Objective	Asset allocation
Cash Fund	<p>Purpose: The fund is low-risk capital preservation fund.</p> <p>Return frame: To maintain the capital value of investments.</p> <p>Return objective: Returns equivalent to cash returns.</p>	The fund invests in the short-term money markets such as bank deposits and Treasury Bills
Annuity Fund	<p>Purpose: The fund is a low-risk long-term income fund.</p> <p>Return frame: To provide current income and low-moderate capital appreciation.</p> <p>Return objective: To protect against the rise in the level of annuity prices.</p>	<p>70% Corporate Bonds</p> <p>30% Gilts</p>

Correct at 1 April 2023.

Members may also self-select from the Global Investments (up to 85% shares) Fund and the Pre-Retirement Fund.

4. Governance

- 4.1 The Trustee of the Scheme is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has considered whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:



The Trustee	Investment committee	People's Partnership	Investment adviser	Investment manager	Investment administrator
<ul style="list-style-type: none"> • Sets the structures and processes for carrying out its role. • Selects appropriate experts to provide advice as and when required. • Sets the structure for the implementation of the investment strategy. 	<ul style="list-style-type: none"> • Selects and monitors the planned asset allocation strategy. • Reviews the self-select fund range and investment profiles on a regular basis. • Monitors investment advisers and investment managers. • Makes ongoing decisions relevant to the operational principles of the Scheme's investment strategy. • Monitors investment performance and costs. 	<ul style="list-style-type: none"> • Administrative and operational liaison with the investment managers. • Negotiation of fee terms and contractual terms. • Recommendations on generic fund options required to keep the Scheme an attractive option for participating employers. • Scheme secretarial and reporting liaison with the investment managers. 	<ul style="list-style-type: none"> • Advises on all aspects of the investment of the Scheme's assets, including implementation. • Advises on this SIP. • Provides the required training to the Trustee. • Ensures that it delivers advice that is compliant with the requirements of the Financial Conduct Authority. 	<p>Operates within the terms of this SIP and its written contracts.</p> <ul style="list-style-type: none"> • Selects individual investments with regard to their suitability. • The Trustee expects the investment managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this SIP so far as is reasonably practicable. 	<ul style="list-style-type: none"> • Fund administration. • Unit pricing.

Appendix 2:

the
people's
pension

Responsible investment policy

October 2021



Profit for people

Responsible investment

Investment decisions should reflect environmental, social and governance (ESG) considerations.

Our belief

Incorporating ESG factors in our investment decisions has the potential to improve portfolios' returns and risk profiles over the long-term and influence change in corporate behaviour.

Pension scheme investments are long-term in nature and factors such as poor corporate governance or unsustainable business practices together with other long-term risk factors such as climate change can have a significant detrimental impact on returns. We believe it's our responsibility to manage our investments in a way that can help deliver a positive contribution to a society in which our members will likely retire into, where this does not negatively affect returns.

In simple terms, we believe that:

- a company's **environmental actions** can signal:
 - operational efficiency: higher or lower costs
 - environmental liability: reduced or enhanced
 - revenue sources: opportunities or threats.
- a company's **social behaviours** can signal:
 - human capital: effective or ineffective management of people
 - product/service safety: reduced or enhanced financial and reputational risks
 - customer base: expanding or declining.
- a company's **governance practices** can signal:
 - decision-making: shareholder value enhanced or reduced
 - controls: reduced risk from impaired reputation or weak financial controls
 - management: better or worse performance from reaction to and implementation of change.

Companies with good ESG ratings are likely to have a better understanding of the value they can add in a number of dimensions and are better at managing their impact. Overall, we believe these companies offer better long-term investments.

Appendix 2:

Policy statement

We aim to be responsible investors of our members' assets.

Responsible investment covers just about anything that presents a major opportunity – or a genuine threat – to members' interests that we should identify, understand and evaluate.

It's a broad term but, in the context of a pension scheme, responsible investment requires a long-term view on delivering capital and income to members in retirement.

We set an investment strategy in the interests of our members and consider responsible investment issues where they're material to those interests. We allocate an appropriate amount of time to assessing these issues and to the systematic, fact-based analysis that enables us to make high-quality decisions.

This fact-finding and analysis is delegated to People's Partnership and our independent investment advisers.

Moreover, the Trustee has an Investment Committee to govern the investments of The People's Pension, which considers responsible investment within its terms of reference.

“Essentially, we invest if we believe it will add value. We exclude if we believe that it would not damage members' portfolio and engage with the companies that remain in the portfolio.”

Process

For us, responsible investment means using 3 tools:

- 1. Invest:** Construct portfolios to reflect ESG factors that could positively or negatively affect investment returns.
- 2. Exclude:** Exclude companies from investment portfolios that don't meet certain minimum ethical criteria. Likewise, include companies and investments that are likely to have a positive impact on the wider society.
- 3. Engage:** Work with companies in an investment portfolio about the issues that are likely to have a material impact (both positive and negative) on future returns.

These 3 elements guide us when we set and review investment strategy. For example, when we believe that an investment approach could impact our members' savings, we'll consider addressing this in our investment processes. And we'll do this by either excluding specific named companies or reshaping portfolios. When we feel strongly about an issue, but cannot alter our portfolios to benefit members, we engage with the relevant companies on these issues.

When we make decisions like this, we evaluate:

- the expected impact on investment risk and return
- the likelihood of the decisions having an impact on the issue in the wider society
- the cost, transparency, and investment merit of the investment options available
- how it affects the governance of The People's Pension and its investments.

Sometimes our preferred course of action is not possible, because of scale and time. For example, we may not be able to take certain actions that might help reduce risk until we have a certain value of assets under management. Meaning that certain actions may not be appropriate, either now or in the foreseeable future.

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But overall, we do believe that it's good governance to try, whenever we can, to:

- ensure our research process can identify investment approaches with a positive impact on risk, returns, and potential ESG issues
- focus on proposals from our advisers that specifically benefit our members and their needs, rather than other special interest groups
- test, challenge and (in some cases) research any new ideas or options to make sure they're fully appropriate for our members' needs
- work within the industry to support gathering better and more consistent ESG data from investee companies and investment managers.

We expect these principles to remain, but we recognise the need to be flexible. Any approaches we develop and implement now may be adjusted proportionately as The People's Pension grows and as the market develops. Greater scale may enable us to devote extra resource for engagement or to pursue alternative investment approaches. We'll review this policy as part of our Statement of Investment Principles review and communicate changes to our approach with members.

Definitions:

Responsible investment (RI) helps ensure members' money is invested in the right way. We use the 3 tools (explained above): invest, exclude and engage.

Environment, social and governance (ESG) refers to any issue not covered by traditional financial analysis that could impair or improve long-term investment returns. These issues can be split into a number of factors, which we list on page 8. We also state our core beliefs about a number of these factors on pages 12-15.

Investee companies refers to the companies that issue the shares or bonds our fund managers invest our members' money in.

Corporate governance is the way in which companies are led, managed and structured – according to UK or other national law, regulations and official guidelines.

Appendix 2:

Decision-making process

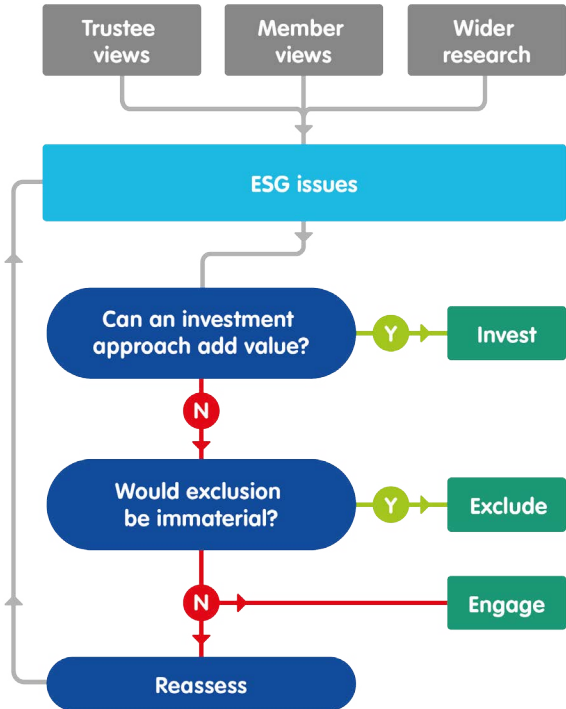
The People's Pension works with its founder, People's Partnership, when researching RI issues.

People's Partnership is a not-for-profit organisation that operates (like The People's Pension) in the best interests of its customers. It has a significant level of resource and it has responsible investment duties for assets sitting outside of The People's Pension.

People's Partnership and The People's Pension act in partnership on responsible investment and agree the broad research agenda together.

People's Partnership conducts responsible investment research for The People's Pension and is a signatory to several industry groups and research organisations. People's Partnership experts use insight from these bodies and the wider market to form a better understanding of ESG topics and trends before raising them formally with the Trustee. We take independent advice over any investment process proposed by People's Partnership.

Our current responsible investment research process is described in the next section. Responsible investment, and our approach to it, is evolving so this policy is subject to change.



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1. We identify and understand responsible investment issues

People's Partnership communicates with companies, regulators, non-governmental organisations (NGOs) and other organisations in the investment chain. The People's Pension also surveys member's views on what issues are most important to them.

We do this to understand the following:

- The issues we should be prioritising for research – from an investment and ethical perspective.
- The most efficient and effective ways to address these issues – and we do this by collaborating with a variety of organisations.
- Best practice.



This generates a list of issues which we then research and build into our investment process. The Trustee reviews this list and agrees what People's Partnership will research as a priority, as there is a limited amount of topics we can research at one time.

We recognise how detailed this approach is, but we believe it is important because it enables us to identify and focus on key issues.

2. We assess issues

When we identify a responsible investment issue, People's Partnership goes through our responsible investment framework to determine the most effective method of addressing it. This involves the following:

- A formal assessment to determine whether an investment approach to altering our portfolios could improve member outcomes.
- Where appropriate, determining the most appropriate approach to exclusion – one that looks at just the issue in question (narrow) or one that considers a whole range of different issues (wide) – more on this is our section on 'Exclusion and screening'.
- Finally, for any priority ESG issue that our portfolios remain exposed to, we'll include the issue when we engage with investee companies and decide upon its prioritisation alongside other issues.

Here's how we assess which approach is appropriate.

2.1 Our investment approach

Any investment approach is primarily about improving risk and return characteristics.

People's Partnership works with asset managers as well as index and data providers to understand and assess how their insight could help us integrate ESG factors into our investment process. Most likely this means using ESG data to tailor the indices tracked by our funds to take account of the issue.

Once an approach is identified, People's Partnership will present evidence to the Trustee to demonstrate whether the stated approach is likely to:

- reduce exposure to the ESG issue, including how the approach affects wider ESG measures
- affect the risk and return characteristics of the portfolio.

If there's evidence that an approach will reduce exposure to an ESG issue and improve risk and return characteristics, we'll seek to include it in our portfolios as quickly as we can.

Where the approach reduces exposure to the ESG issue and has no apparent effect on portfolio characteristics, we would also consider including this approach. This may be an exclusion or a more complex process.

Where the approach harms risk and return characteristics, we would consider it within our exclusion process.

Appendix 2:

2.2 Exclusion and screening

If we can't address an issue through our approach to investment, we'll consider applying exclusion or screening to the portfolio.

We're aware that excluding investments can have a cumulative effect and result in a more concentrated portfolio, so this step is not taken without clear understanding of the impact of any exclusions.

We recognise 2 types of exclusion:

- 1. Narrow issues
- 2. Wide issues

2.2.1 Narrow issues

Some issues affect a small number of potential investee companies – and a wholesale exclusion from our portfolios might be suitable. These will also typically be companies where engagement will have limited impact.

These narrow issues can have a material reputational impact and/or not comply with broad social norms. An example is controversial weapons, a narrow issue that has been considered a stand-alone exclusion.

Data can also be used to identify and analyse a company's involvement in major ESG controversies. This assesses adherence to international norms and principles.

One of our data sources, MSCI, ranks companies using the following scale:

Red:	Orange:	Yellow:	Green:
Indicates that a company is involved in one or more very severe controversies.	Indicates that a company has been involved in one or more recent severe structural controversies that are ongoing.	Indicates the company is involved in severe-to-moderate level controversies.	Indicates that the company is not involved in any major controversies.

The severity of an issue is decided by both the nature of the impact – what actually happened, and how widespread the issue is – and how many people, regions or species it affects. Where an issue has been flagged as Red by being both widespread and serious, we'll consider this as a grounds for exclusion from the portfolio.

As of 31 March 2021, all of the equity tracking investments managed by SSGA have a screen applied that excludes investment in the equities of companies involved in controversial weapons, or very severe ESG controversies.

2.2.2 Wide issues

These are far-reaching and have an impact and exposure across many sectors and markets.

Current examples include pay inequality and gender diversity. Excluding companies with poor behaviour from our portfolios would result in us having a very small number of companies to invest in. Conversely, having a fully diversified pool of companies to invest in could limit the practicality of the policy.

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The People's Pension Responsible investment policy October 2021

Our primary route for addressing wide issues is engagement, but we do believe in exclusion for the worst behaving companies on several issues. Here's how we make this happen:

ESG ratings are used to evaluate companies we invest in. The MSCI methodology assesses thousands of data points across 35 key issues:

MSCI ESG score									
Environment Pillar				Social Pillar				Governance Pillar	
Climate change	Natural capital	Pollution & waste	Environmental opportunities	Human capital	Product liability	Stakeholder opposition	Social opportunities	Corporate governance	Corporate behavior
Carbon emissions	Water stress	Toxic emissions & waste	Clean tech	Labour management	Product safety & quality	Controversial sourcing	Access to communication	Board	Business ethics
Product carbon footprint	Biodiversity & land use	Packaging material & waste	Green building	Health & safety	Chemical safety	Community relations	Access to finance	Pay	Tax transparency
Financing environmental impact	Raw material sourcing	Electronic waste	Renewable energy	Human capital development	Consumer financial protection		Access to health care	Ownership	
Climate change vulnerability				Supply chain labour standards	Privacy & data security		Opportunities in nutrition & health	Accounting	
					Responsible investment				
					Insuring health & demographic risk				

● Universal key issues applicable to all industries

The MSCI ESG ratings address 4 key questions about the companies in which we invest – these are as follows:

1. What are the most significant ESG risks and opportunities facing a company and its industry?
2. How exposed is the company to those key risks and/or opportunities?
3. How well is the company managing key risks and/or opportunities?
4. What is the overall picture for the company and how does it compare to its global industry peers?

MSCI ESG ratings focus on the intersection between a company's core business and the industry-specific issues that may create significant risks and opportunities for the company. The key issues are weighted according to impact and time horizon of the risk or opportunity. All companies are assessed for corporate

governance and corporate behaviour as this is relevant to all investee companies. They look at how a company performs against the industry average, rating them somewhere between best (AAA) and worst (CCC) and this helps us build a picture of wide issues.

We use these ratings to exclude or reduce our exposure to companies with the worst ESG performance and therefore reduce our exposure to a wide number of financial and reputational risks. In addition to MSCI, we also use ESG data from providers including SSGA, Sustainalytics, RepRisk, and FTSE Russell when making these decisions.

This approach isn't perfect. ESG issues will still crop up in the companies we invest member assets in. But we're pragmatic – we address concerns about an issue in combination with other issues and acknowledge that it cannot be completely removed from a portfolio.

Appendix 2:

2.3 Engagement

When we can't address an issue by investment approaches or by excluding specific securities from the portfolio, then we remain exposed to it.

We're comfortable with this and handle the matter through our engagement and, where appropriate, voting with investee companies.

Through our primary investment manager, State Street Global Advisors (SSGA), we're able to use our voice and our vote to make a measurable difference around the world. Our members' assets allow voting on key decisions that affect shareholders at annual shareholder meetings, and regular meetings with companies to understand their approach to material ESG issues and encourage them to improve.

In practice, our engagement may take a wide variety of forms depending on how high a priority the issue is to us, the mechanisms available to engage on the issue, and the views of our investment managers as to whether they believe it is a high priority issue.

In many cases, we expect and require our fund managers to vote and engage with companies across global markets to protect and promote good standards and practice. This helps to encourage behaviours that are capable of boosting the long-term economic value of our members' investments.

Sometimes we work with other organisations as this can help us be more effective. The best example is our signatory status to the UN-backed Principles for Responsible Investment – the world's leading proponent of responsible investment – supported by thousands of pension schemes, investment groups and governments.

We support collaborative initiatives that are focused and well organised, and which add more power to our engagement approach.

We also regularly engage with UK Government and trade-body entities on how best to improve responsible investment within the UK pensions landscape. This includes encouraging our managers to improve the data they receive from investee companies and working with others to improve consistency in reporting.

3. Trustee review process

People's Partnership manages the majority of the day-to-day activity within this process, working with the Trustee to agree issues to be worked on and strategies on how to address them.

We expect to work in full partnership with People's Partnership. But if there are any differences of opinion between the Trustee and People's Partnership, we'll make a note of that in our annual implementation statements.

4. Ongoing diligence and review

The responsible investment landscape is continually changing, and more research is constantly published on many ESG issues. The way we prioritise issues and risks enables People's Partnership to focus on the most important ones – but we can change those priorities at any time in response to new evidence.

Similarly, we might conclude that a given issue can only be dealt with as part of our wider exclusions and engagement activity. But, even where this is the case, we'll re-assess ESG issues when this policy is reviewed to help us ensure we draw the right conclusions.

Appendix 2:

The People's Pension Responsible investment policy October 2021

Appendix 1: Passive management – engagement principles

We measure our managers against the following principles.

We're an increasingly active owner – influencing both investee companies and the policies our asset managers use.

We expect our managers to...

- **be transparent and accountable by**
 - engaging in dialogue, honest evaluation, continuous enhancement and increased transparency of their stewardship practices.
- **enhance and evolve ESG practices in markets by**
 - applying higher voting standards where governance practices do not meet global investor expectations
 - identifying clear engagement priorities that focus on sector, thematic and/or market specific issues
 - collaborating with other investors when collective action is needed.
- **develop long-term partnerships with companies and guide them through the evolution of ESG practices by**
 - engaging constructively with management/boards to bring about change in investee companies
 - publishing thought-leadership papers to inform directors on changing ESG practices
 - communicating clearly our expectations and vote rationale during engagement.

Given our commitment to high standards, we also expect our fund managers to have signed our Responsible investment policy and to comply with the UK Stewardship Code (and relevant international equivalents, where applicable).

State Street Global Advisors (SSGA)

We have agreed with SSGA, the scheme's core passive investment manager, that strong relationships with boards and management teams of investee companies together with the monitoring of their performance, can enhance the long-term value of our members' investments.

On behalf of the Trustee, the Chief Investment Officer has evaluated (and will continue to evaluate) the breadth and capability of SSGA's function, in line with the above principles.

SSGA has a team of asset stewardship professionals who help it to carry out its duties as a responsible investor. These duties include researching companies, identifying issues and then engaging with them as necessary. SSGA voting and engagement focuses on a range of themes, including the following:

- election of Directors and Boards
- accounting and audit related issues
- capital structure, reorganisation and mergers
- compensation
- environmental and social issues.

As we invest in funds alongside other investors, we recognise that SSGA's prioritisation of issues for engagement and voting may not always be identical to ours. But we do our utmost, through regular contact with them and a formal annual engagement process, to make sure SSGA is as aligned as possible with us – now and in future.

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Monitoring and reporting on responsible investment

We receive and review reports on SSGA's:

- voting activity on our behalf
- engagement activity on our behalf
- climate and ESG profile of our equity funds.

We're also looking into ways to measure ESG risk across all of our assets under management – rather than on a case-by-case basis. SSGA have developed their own ESG rating methodology known as R-Factor™. This is included as part of the performance and analysis report we receive for our equity funds managed by them, which covers the majority of our assets.

We provide copies of this policy, and provide links to where to find voting and engagement records on our website.

Investment options

We recognise that member attitudes and views on responsible investment can vary. For example, we may engage with companies that members with money in our Ethical Fund may prefer to exclude. Likewise, we may exclude companies that some members would prefer to invest in. Our Ethical Fund invests passively in the MSCI World ESG Universal Index which is made up of a large pool of global companies and is weighted towards those which demonstrate a robust ESG profile and a positive trend in improving that profile. Companies involved in controversial weapons production, and those which have faced very severe ESG controversies are also excluded from this index.

We will continue to survey our members on the ESG issues they believe are the most important to take into consideration when making investment decisions. The surveys provide useful insight into members' views on responsible investment and are a key input when making investment decisions. This however does not mean that the results of any survey will bypass the decision making process as outlined in this policy.

Appendix 2:

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Appendix 2: The People's Pension proxy voting and engagement principles

The People's Pension expects its fund managers to vote and engage with companies in global markets. This protects and promotes good standards and practice and helps to safeguard long-term economic value for our members.

Principally, we believe the primary responsibility of the board of directors of each of the underlying companies held by our funds, is to preserve and enhance shareholder value and protect shareholder interests.

The most likely areas we expect our fund managers to engage with companies on are the structure of company boards, audit-related issues, capital structure, remuneration, environmental, social and governance-related issues.

Directors and boards of investee companies

We believe that a well-constituted board of directors, with a good balance of skills, expertise and independence, provides the foundations for a well-governed investee company.

Director independence and succession planning, board diversity, evaluations and refreshment, and company governance practices are all useful measures of board quality. We expect our managers to vote for the election/re-election of directors on a case-by-case basis after considering these factors.

We also expect boards of FTSE-350 listed companies to have at least one female board member.

In principle, we believe independent directors are crucial to good corporate governance and help management establish sound corporate governance policies and practices. A sufficiently independent board is better placed to effectively monitor management and perform the oversight functions necessary to protect shareholder interest.

The People's Pension expects UK investee companies to consider the following criteria for director independence:

- participation in related-party transactions and other business relations with the company
- employment history with company
- excessive tenure and a preponderance of long-tenured directors
- relations with controlling shareholders
- family ties with any of the company's advisers, directors or senior employees
- if the company classifies the director as non-independent.

Audit-related issues

Companies should have robust internal audit and control systems to manage potential and emerging risks to company operations and strategy. The responsibility for setting out an internal audit function lies with the audit committee, which should include independent non-executive directors, where possible.

Appointment of external auditors

We believe that a company's auditor is an essential feature of an effective and transparent system of external supervision. We also believe that shareholders should be given the opportunity to vote on their appointment or re-appointment at annual meetings.

Managers should consider voting against members of the audit committee if they have concerns with audit-related issues or if the level of non-audit fees to audit fees is significant. In certain circumstances, managers should consider auditor tenure when evaluating the audit process.

Shareholder rights and capital related issues

Issuing new shares

The ability to raise capital is critical for companies to carry out their strategy, grow and achieve returns above their cost of capital. The approval of capital raising activities is fundamental to shareholders' ability to monitor the amount of proceeds and to ensure capital is deployed efficiently. We support capital increases that have sound business reasons and that are not excessive relative to a company's existing capital base.

Share repurchase programmes

We generally support a company's proposal to repurchase shares. We would make exceptions when the issuer does not clearly state:

- the business purpose for the programme
- a definitive number of shares to be repurchased
- the range of premium/discount to market price at which a company can repurchase shares
- the timeframe for the repurchase.

Managers should consider voting against share re-purchase if any of these criteria are not adequately satisfied or for requests that allow share repurchases during a takeover period.

Dividends

We generally support dividend payouts that constitute 30% or more of net income. Managers may vote against dividend payouts if the dividend payout ratio has been consistently below 30%

Appendix 2:

without adequate explanation or if the payout is excessive given the company's financial position. Payments that are significantly out of line with previous dividend payments will be reviewed on a case-by-case basis. Attention will be paid to cases where the payment may damage the company's long-term financial health.

Mergers and acquisitions

Company mergers or reorganisations often involve proposals relating to reincorporation, restructures, mergers, liquidations and other major changes to the corporation. We would generally expect managers to support proposals that are in the best interests of the shareholders, demonstrated through enhanced share value or by improving the effectiveness of company operations. In general, we wouldn't expect managers to support provisions that are economically unsound or considered destructive to shareholders' rights.

We would generally expect managers to support transactions that enhance shareholder value. Some relevant considerations include, but are not limited to:

- whether premiums are offered
- strategic rationale
- board oversight of the process for the recommended transaction, including director and/or management conflicts of interest
- offers made at a premium and if there are any higher bidders
- offers in which the secondary market price is substantially lower than the net asset value.

Anti-takeover measures

We oppose anti-takeover defences such as authorities for the board, when subject to a hostile takeover, to issue existing shareholders with warrants that can be converted into shares.

Remuneration

Executive pay

The People's Pension has a simple underlying philosophy: There should be a direct relationship between remuneration and company performance over the long-term.

Shareholders should have the opportunity to assess whether pay structures and levels are aligned with business performance, including profit growth, balance sheet strength and risk management, and sustainable long-term shareholder value growth.

When assessing remuneration policies and reports, we generally expect managers to consider factors, including the following:

- adequate disclosure of different remuneration elements
- absolute and relative pay levels
- peer selection and benchmarking

- the mix of long-term and short-term incentives
- aligning pay structures with shareholder interest, as well as with corporate strategy and performance.

Equity incentive plans

We may not support proposals on equity-based incentive plans if insufficient information is provided on matters such as grant limits, performance metrics, performance and vesting periods and overall dilution. We don't generally support options under such plans being issued at a discount to market price or plans that allow for re-testing of performance metrics.

Non-executive director pay

Authorities seeking shareholder approval for non-executive director fees are generally not controversial. So, as a rule, we support resolutions on director fees – unless disclosure is poor and we're unable to determine whether they're excessive in relation to fees paid by other companies in the same country or industry.

Where possible, managers should evaluate on a company-by-company basis any non-cash or performance-related pay to non-executive directors.

Risk management

We believe that risk management is a key function for boards of investee companies that are responsible for setting the overall risk appetite of that company and for providing oversight on the risk management process established by senior executives at the company.

Where possible, we expect companies to disclose how the board provides oversight on its risk management system and to identify key risks facing the company. Boards should also review existing and emerging risks that can grow or evolve with a changing political and economic landscape, or as companies diversify or expand their operations into new areas.

Environmental and social issues

We consider the financial and economic implications of environmental and social issues. In their public reporting, we expect companies to disclose information on relevant management tools, environmental and social performance metrics. We support the efforts made by companies to demonstrate how sustainability fits into their overall strategy, operations and business activities.

As far as possible, managers should evaluate risks and the shareholder proposal relating to them on a case-by-case basis. It's important they understand that environmental and social risks can vary widely depending on a company's industry, operation and where it's located.

Managers should also consider opposing the re-election of board members if they have serious concerns over ESG practices and the company has not been responsive to shareholder concerns.

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The People's Pension Responsible investment policy October 2021

Appendix 3: The ESG issues we're addressing

Climate change

We're serious about ensuring our portfolios reflect beliefs held by us and our members, and we see this as a continuous process. In 2019, we began surveying our members on which ESG issues are the most important to them. The majority of members surveyed chose climate change as one of their 3 options. Also in 2019 we published our Climate change policy, in which we discuss our prioritisation of climate change as an ESG issue within the investment process.

As a first step, our investment profiles ('balanced', 'cautious' and 'adventurous') began allocating money to the Multi-Factor ESG Low Carbon fund – this group of companies has at least half the carbon intensity and half the amount of fossil fuels owned, compared to the global market. It also has an improved ESG score and excludes companies involved in very severe ESG controversies or controversial weapons business. We're aware that there is a lot more that can be done and we're in the process of working out how to achieve further climate-related improvements.

For further information please see our [Climate change policy](#).

Controversial weapons

Companies that are involved in controversial weapons production have an immaterial financial impact on our portfolio due to a limited number of companies that fit into this category. There are also ethical considerations and a reputational impact when investing in such companies. We have therefore been researching the best way in which to exclude those companies involved. We began by including this screen in the construction of the above mentioned climate change fund. Further steps have been taken since and as of 31 March 2021 we have a similar screen applied to all equity tracking investments that are held with SSGA.

Very severe ESG controversies

These ESG issues have also been addressed in the same way as controversial weapons. Firstly, by adding this screen in the construction of the Multi-Factor ESG Low Carbon fund, and then applying a similar screen to the rest of the equity tracking investments held with SSGA.

This means that as of 31 March 2021, the equity tracking investments of the following funds are no longer invested in companies with involvement in controversial weapons or very severe ESG controversies.

- Global Investment (up to 100% shares) Fund
- Global Investment (up to 85% shares) Fund
- Global Investment (up to 60% shares) Fund
- Pre-Retirement Fund
- Ethical Fund

The Shariah fund is managed by HSBC and invests based on the interpretation of Shariah Law by the HSBC Shariah Supervisory Committee. The fund does not invest in shares of companies whose primary activity involves weapons and defence. However, we can't guarantee that this will remove all involvement with controversial weapons. Likewise, the fund does not screen for ESG controversies.

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Asbestos mining

Asbestos mining is not an activity in which we want to invest. Our research so far has found no results for any involvement in this activity by companies in which we invest. We will continue to review this periodically to ensure we're able to exclude any companies which are involved in this area should the need arise.

Further ESG issues

There are of course many other ESG issues which require further research to see how they can be addressed. We will continue to survey our members to gain their views on what is important to them as well as continuing to research key ESG themes as we have always done.

As this research is being conducted, we're able to engage with companies on both wide and narrow issues until such time as data suggests another method would be beneficial. Examples of themes that are regular engagement topics include:

- Gender diversity – enhancing board quality by bringing cognitive diversity into the board room and at all levels of management.
- Board accountability – encouraging board members to be more responsive to shareholder interests and improve accountability through more frequent election cycles.
- Climate change – ensuring that companies are producing high quality climate reporting, have a strategy in place for climate change and there is board oversight of climate risk.

Appendix 2:

the
people's
pension

To find out more, or to register:

→ www.thepeoplespension.co.uk

✉ info@peoplespartnership.co.uk



Or call us on:

Existing clients: **01293 586666**

New enquiries: **0800 612 8080**

The information in this document is correct as of October 2021 and may be subject to change.

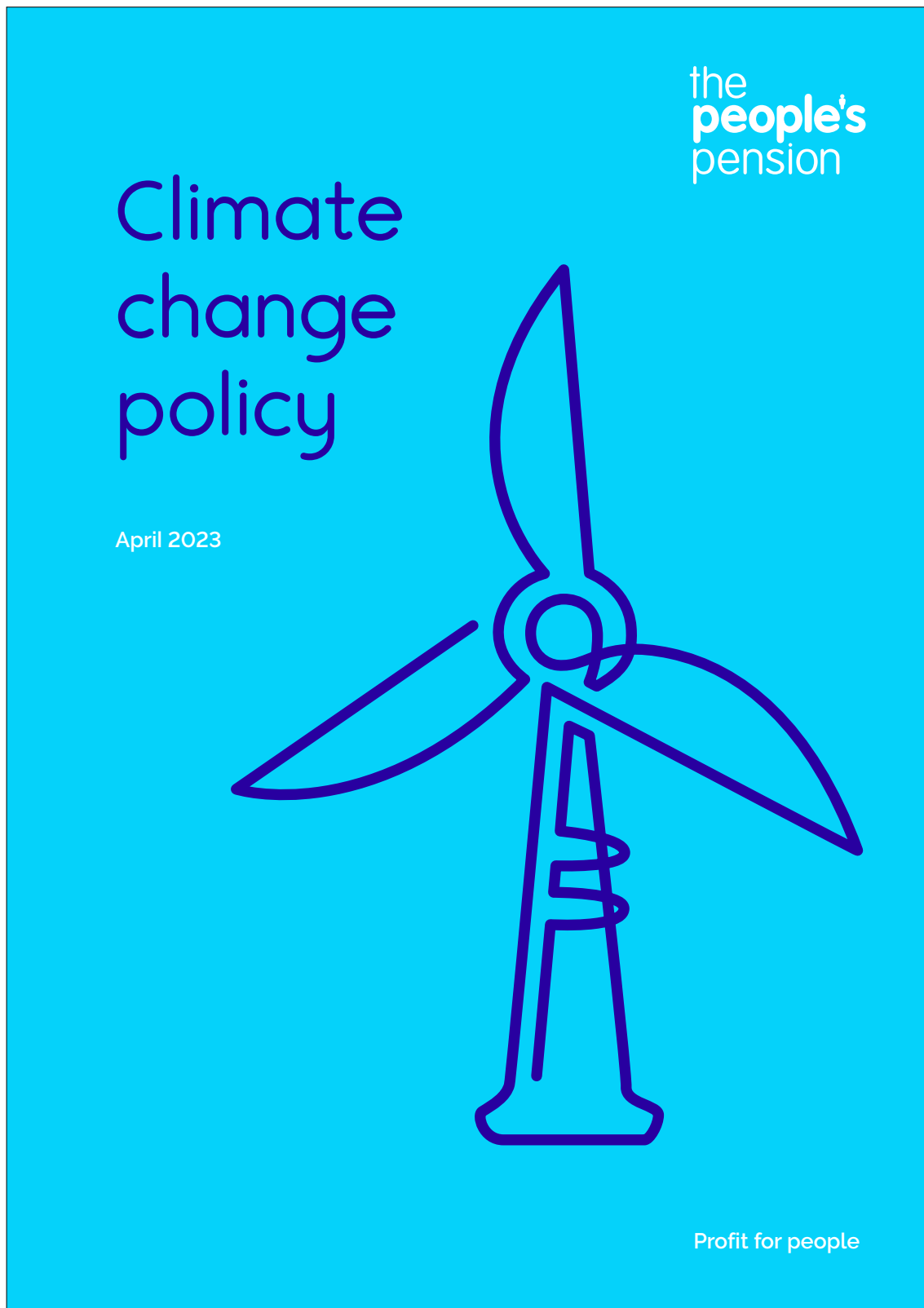
People's
Partnership

The People's Pension Trustee Limited
Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555. www.peoplespartnership.co.uk

Registered in England and Wales No. 8069267.
The People's Pension Trustee Limited is the corporate Trustee of The People's Pension.
To help us improve our service, we may record your call.

PS TPP 0003 0722

Appendix 3:



Overview

The People's Pension (the Scheme) is a defined contribution (DC) master trust open to all UK employers. The Scheme has over 6m members and is growing by more than £3bn in contributions annually. As an open and growing master trust, it has a long-term investment outlook. The Trustee of the Scheme (Trustee) acts as fiduciary over the savings held in the Scheme.

Man-made climate change is one of the biggest threats facing our world today. Limiting global temperature rise to near 1.5°C has required and will continue to require an unprecedented political and economic transition to avoid the worst impacts of climate change. Against this evolving policy and economic backdrop, there is a role that investors can – and should – play in capitalising upon the opportunities and protecting against the financial risks of the transition to a 'net zero' economy.

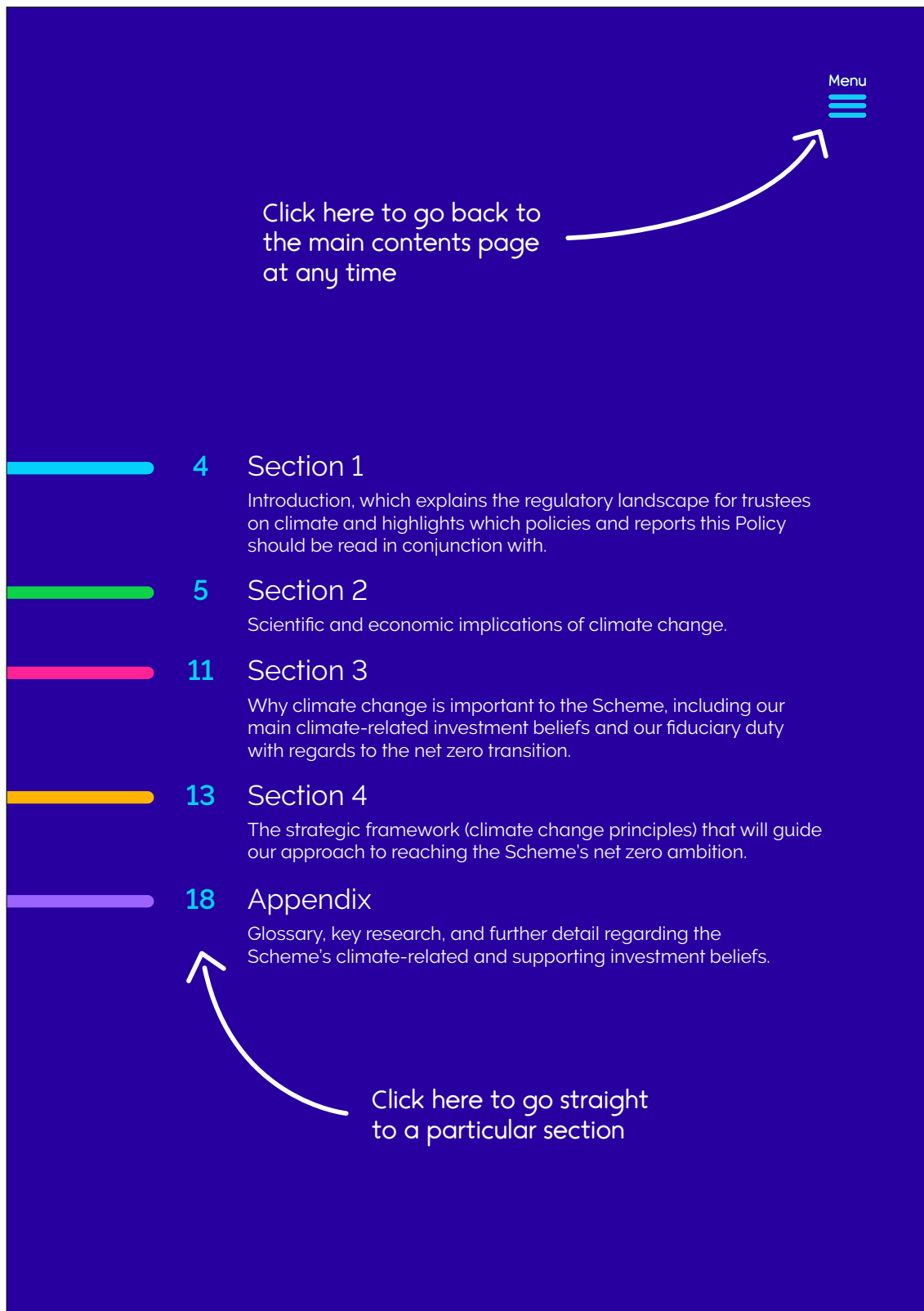
The Trustee considers climate change to be the most financially material environmental, social and governance (ESG) risk that the Scheme faces. Therefore, it has a fiduciary duty to address this risk as part of its investment decision making. This Climate Change Policy (Policy) details the approach that the Scheme will follow in fulfilling its commitment to capitalising on the opportunities and mitigating against the financial risks associated with climate change across the assets it manages on behalf of its members. As reflected in this Policy, the Trustee has identified the importance of considering and managing climate risks and opportunities

as part of its portfolio construction, alongside a robust stewardship programme that prioritises not only investee companies but wider industry and policymakers. Key details of the implementation of this Policy will be provided in the Scheme's annual Taskforce for Climate-related Financial Disclosures (TCFD) report.

This Policy was approved by the Trustee in February 2023. Given the pace of market and policy development with regards to climate change, this Policy should be considered a 'living' document and, as such, will be reviewed and updated at least every 3 years or following any significant change in approach or policy.

This Policy is divided into the following sections:

Appendix 3:



Section 1 – Introduction

Climate-related regulatory landscape for trustees

As a master trust, the Scheme is obligated to adhere to the **Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021**, which came into force on 1 October 2021. These regulations require trustees to take steps to identify, assess and manage climate-related risks and opportunities and report on what they have done. These reporting requirements align with the recommendations of the **Taskforce on Climate-related Financial Disclosures (TCFD)**. In October 2022, these regulations now include the requirement to calculate and report on a portfolio alignment metric to indicate how well the scheme's assets are aligned with the climate change goal of limiting global warming to 1.5°C above pre-industrial levels.¹ In June 2022, the Department for Work and Pensions (DWPP) published its first **Guidance on Reporting on Stewardship**, which encourages trustees to hold their fund managers to account for their stewardship approach by comparing them against the stewardship priorities that the trustees have set (eg, climate, as reflected by this Policy), and to report back on that engagement accordingly in the Implementation Statement.

Associated policies and reporting

This Policy should be read in conjunction with the following associated Scheme policies and reporting:

- The Trustee recognises the interconnectedness of climate change with other environment, social and governance (ESG) risks and opportunities that the Scheme faces (eg, biodiversity, human capital management as part of a 'Just Transition'). As a result, this Policy should be considered a subset of the Scheme's overarching **Responsible Investment Policy**, which outlines our approach to ESG and stewardship considerations.
- **Statement of Investment Principles**, in which this Policy and the Responsible Investment Policy are included in the Appendix.
- In terms of climate-related reporting, the **Taskforce for Climate-Related Financial Disclosures (TCFD) report**, which is required to be updated annually, outlines further details regarding the Scheme's climate-related governance, strategy, risk management and metrics and targets (Figure 1 below). The Scheme's yearly **Implementation Statements**, located within the Appendix of the Scheme's Annual Report, cover its climate-related stewardship activities.

Figure 1



Source: TCFD, 2017

Governance

The organisation's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Risk Management

The process used by the organisation's to identify, assess and manage climate-related risks

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

¹Governance and reporting of climate change risk: guidance for trustees of occupational schemes (publishing.service.gov.uk)

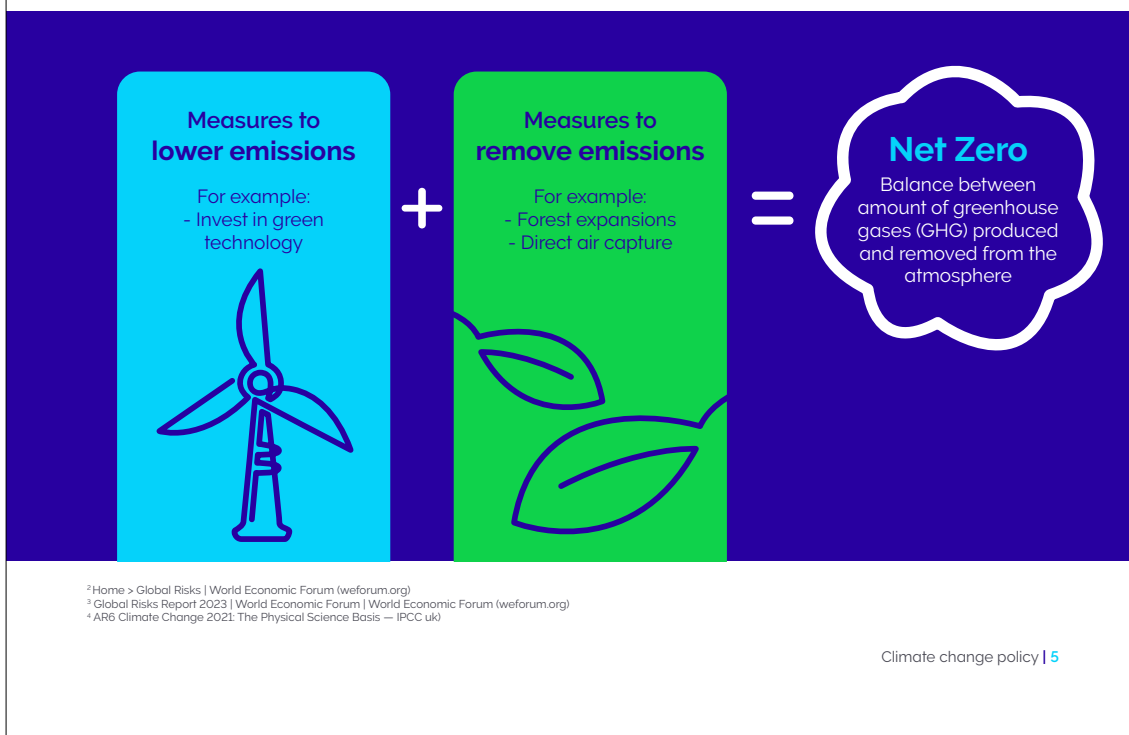
Section 2 – Scientific and economic implications of climate change

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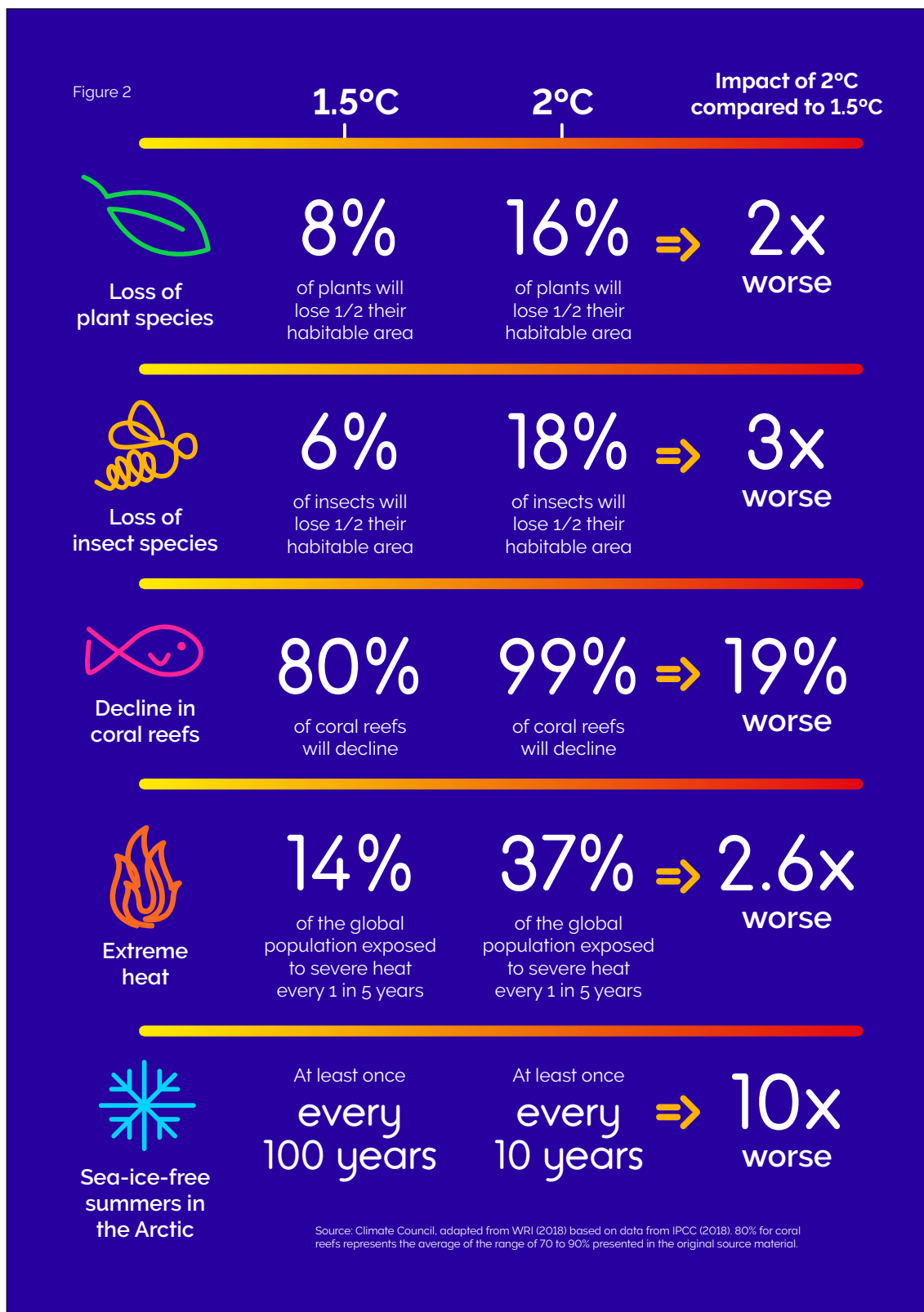
Man-made climate change is one of the biggest threats facing our world today. The World Economic Forum (WEF) has ranked climate change as a top 10 global risk for the past 10 years,² and is currently the number 1 risk we face as a species, according to its annual Global Risks Report.³

The **Intergovernmental Panel on Climate Change** (IPCC) has recently stated that we have now reached between 0.8-1.3 °C of warming.⁴ According to the

IPCC, if we continue with current levels of emissions, we will reach 1.5°C by about 2040 and 2.7°C by the end of the century. The global carbon budget, that is, how much greenhouse gas that humanity can still emit in order to limit warming to 1.5°C, will be depleted in 5-10 years based on 2021 emissions. Warming will continue until carbon emissions reach net zero. As depicted in Figure 2 (on the next page) every fraction of a degree of warming makes a difference in terms of global impact.



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As can be seen in Figure 3 - which is the latest update produced by [Climate Action Tracker](#) in November 2022 - significant steps need to be taken to reduce greenhouse gas emissions if the Paris Agreement goal is to be achieved. This illustrates estimated ranges for temperatures based on different collections of global policies, pledges, and targets.

According to Lord Nicholas Stern, Head of the 2006 [Stern Review on the Economics of Climate Change](#), "net zero will require the biggest economic transformation ever seen in peacetime".⁵

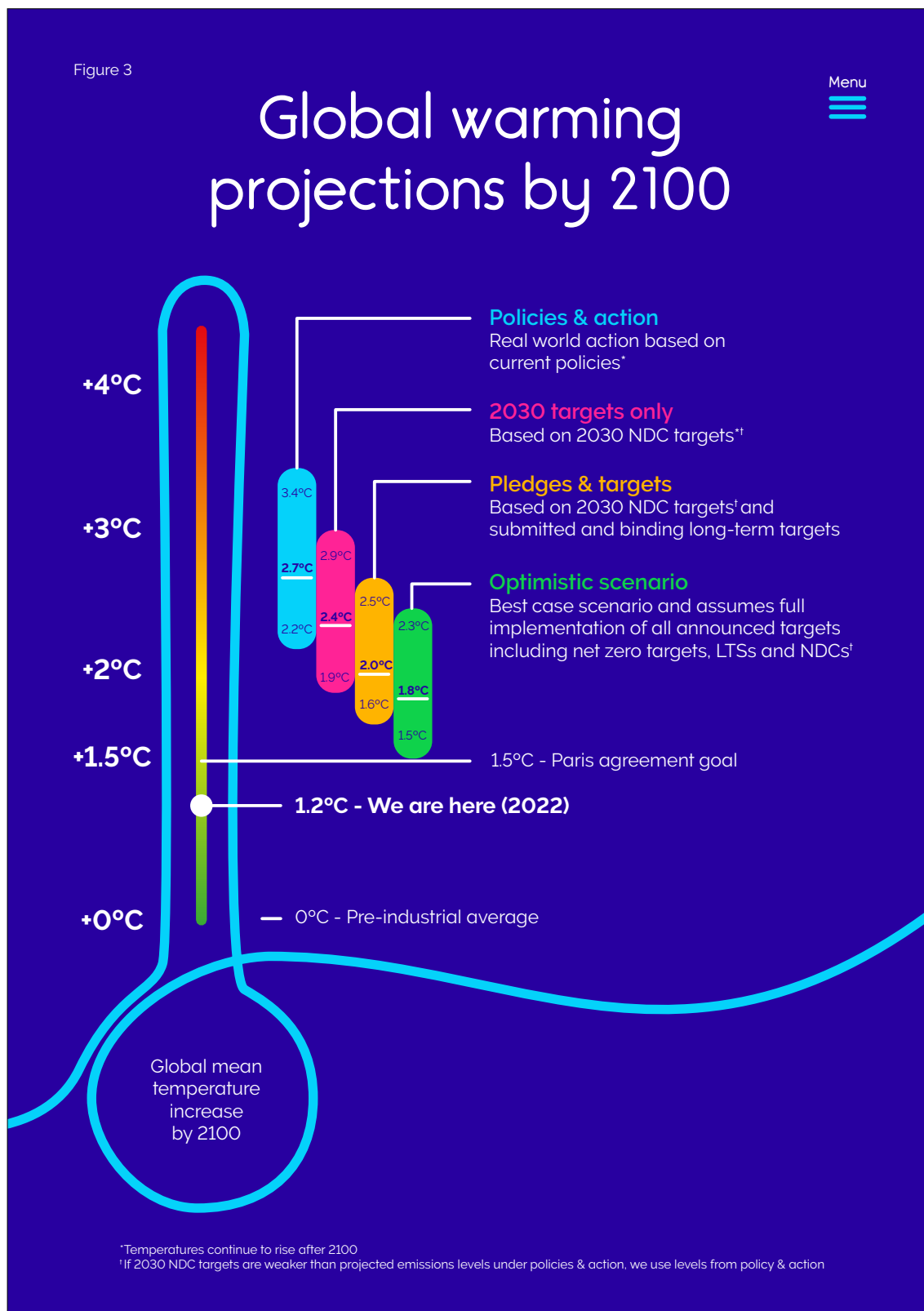
A challenge of this scale and magnitude has required unprecedented leadership and collaboration from governments (eg, Paris Agreement), businesses,

and civil society, and the pressure for a coordinated approach will only increase as time goes on. Key factors that could have the potential to generate, accelerate, slow or disrupt the transition to a net zero economy include changes in public sector (generally government) policies, legislation and regulation; changes in technology; and changes in market and customer sentiment. Against this evolving policy and market backdrop, there is a role that investors can – and should – play in capitalising upon the opportunities and protecting against the financial risks of the net zero transition.



⁵ Net zero will require the biggest economic transformation ever seen in peacetime, says Nicholas Stern - Grantham Research Institute on climate change and the environment ([lse.ac.uk](https://www.granthaminstitute.com))

Appendix 3:



Section 3 – Why climate is important to the Scheme



Climate-related investment beliefs

The Scheme has developed a set of investment beliefs that guide our approach to investing our members' money. The three main climate-related beliefs are as follows, with supporting beliefs and investment implications provided in the Appendix:

- Incorporating ESG factors in our investment decisions has the potential to improve portfolio returns and risk profiles over the long-term, as well as influence change in corporate behaviour.
- Climate change risk is a systemic risk that cannot be eliminated through diversification alone.
- Complete divestment from all carbon-intensive sectors at this time would not be in the best interest of our members, as it could negatively impact the eventual size of their pension pots.

Fiduciary duty and climate change

The Trustee of The People's Pension (Trustee) acts as fiduciary over the savings held in the Scheme. Our Responsible Investment Policy sets out at a high level the steps the Scheme needs to undertake to carry out its fiduciary duty in respect of ESG issues. The first step is an overall prioritisation of ESG issues to select the ones most likely to be considered financially material to member outcomes. Where the Trustee believes the risk is material and that there is sufficient insight from data into how to protect or benefit member investments, the Trustee is obliged to act. Climate change has been identified by our members as an important issue.

In its 2019 Climate Change Policy, the Trustee stated its ambition to align its investment portfolio with a 1.5°C pathway. In light of the evolving market and political landscape on climate, it is considered prudent to regularly assess whether the net zero ambition remains in alignment with our fiduciary duty to act in our members' best financial interests. Therefore, the following assessment has been undertaken in preparation for this updated Policy:

- whether there is sufficient market and policy signalling to suggest that a net zero transition is still broadly occurring; and
- whether that transition still has the ability to impact Scheme asset values.

Driven by our climate-related investment beliefs and the research that underpins them,⁶ the Trustee has determined that it remains prudent to retain our net zero ambition and to review this position and this Policy at a minimum every 3 years, or sooner if there are significant market or policy developments. Given the above assessment, it would be considered within the Trustee's fiduciary duty to:

- reward companies that have better plans in place to address the impact of climate change on their business (e.g. invest more into)
- consider the risk that asset prices do not accurately reflect the risks involved with climate change, and,
- provide some protection against a severe climate-related shock that impacts on financial stability across global economies (see Figure 4 on the next page).

The Scheme's portfolio is particularly exposed to the latter two financial risks because of its index exposure, as it is not in a position to be forced sellers of assets due to market repricing or other transition shock events.

As a result of this assessment, the Scheme has developed a strategic framework to address the climate-related risks and opportunities that it faces. This is outlined in Section 4.

⁶ Refer to Appendix for further details

Section 3 – Why climate is important to the Scheme



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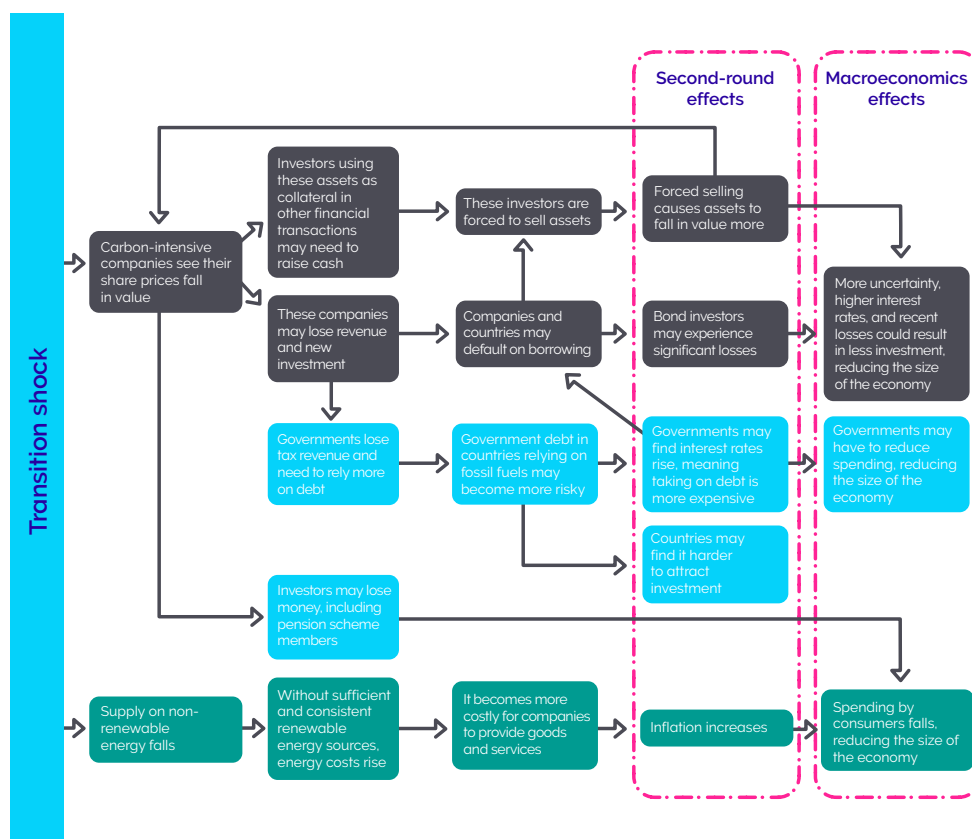
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⁶ Refer to Appendix for further details

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Figure 4 below provides examples of potential pathways we could see as a result of transition shocks e.g. sudden falls in prices of carbon-intensive assets.

Figure 4



Source: Vivid Economics, March 2020

Section 4 – Strategic Framework



The strategic framework is divided into three pillars: **Portfolio Construction**, **Stewardship** and **Reporting**. To support our net-zero ambition, the Trustee has committed to:

Portfolio Construction

- Consider and manage climate risks and opportunities as part of the Scheme's portfolio construction (Principle 1)

Stewardship

- Manage and track progress against our climate stewardship priorities (Principle 2)
- Integrate climate risk into how the Scheme selects, appoints and monitors its fund managers and other service providers (Principle 3)
- Hold investee companies to account for the actions they are taking to address climate change risks (Principle 4)
- Engage with the wider investment industry to ensure that it is fit for purpose to achieve our ambition (Principle 5)
- Collaborate with other like-minded investors and stakeholders to increase influence (Principle 6)

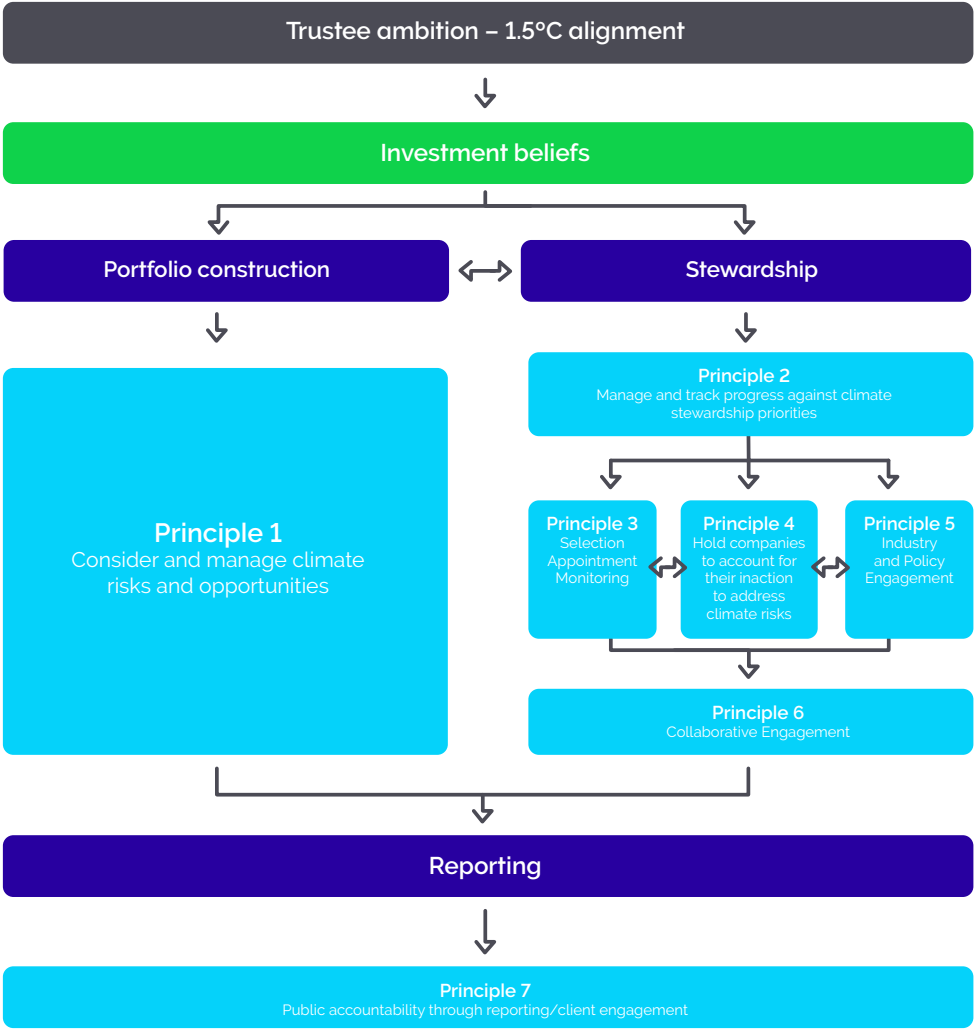
Reporting

- Annually report on the Scheme's progress through appropriate reporting (Principle 7)

Figure 5 outlines how the strategic pillars and the underlying climate change principles interconnect with each other.

Appendix 3:

Figure 5



Appendix 3:

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Pillar 1: Portfolio Construction

Principle 1: Consider and manage climate risks and opportunities as part of our portfolio construction

Based on our investment beliefs, Principle 1 lies at the heart of this Policy. In recognition of its importance and based on portfolio analysis, the Trustee committed in its 2021/22 TCFD report to:

- consider the impact of transition risk when making asset allocation decisions;
- construct portfolios to reflect and manage climate factors that could positively or negatively affect investment returns;
- Integrate greenhouse gas (GHG) levels and their path in the future into the weights of portfolio assets; and,
- prioritise our equity investments when managing transition risk and opportunities.

The Scheme will seek to address transition risks for the rest of our assets, as well as physical risks, as data improves. In the short to medium term, the Scheme intends to explore climate opportunities in the illiquid space.

Further details regarding our strategic intent and implementation plan for this pillar will be presented in forthcoming TCFD reports.

Pillar 2: Stewardship

Introduction

The Stewardship pillar is a key complementary pillar to Pillar 1 (see Figure 5). As the net-zero transition requires a complete systemic reengineering of our economy, then by extension, it also requires a systemic approach.⁷ Therefore, Portfolio construction cannot be relied on in isolation. Stewardship by the investment community is essential to driving the necessary real world economic changes required.

The scale of the restructuring required means investors around the world must recognise the limitations of company engagement and consider engaging industry bodies and governments directly. Moving forward, stewardship is likely to require more resources to meet the scale and importance of the challenge.

⁷ Further details regarding this systemic approach to stewardship is provided in the following document: NZAOA_The-future-of-investor-engagement.pdf (unepfi.org)

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Principle 2: Manage and track progress against our climate stewardship priorities

The identification of key climate stewardship priority areas will help to focus our activities under Principles 3 to 5. Our key climate stewardship area of focus is improving data quality/company disclosure.⁸ This is the target the Trustee has set in its 2021/22 TCFD Report. Over time, this will provide additional feedback, enhancing the quality of our approach under Principle 1 (Portfolio Construction).

Key company disclosures under this priority area that deserve particular attention include but are not limited to:

- The integration of climate risk into financial accounts, as financial statements that leave out material climate impacts misinform investors, who

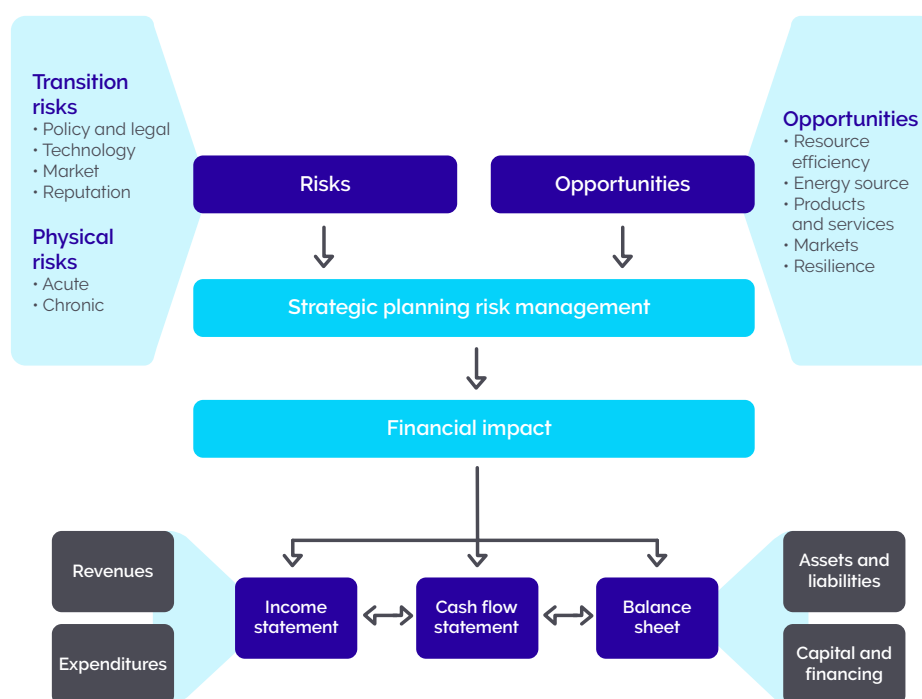
may not fully appreciate the climate-related risks and opportunities of their assets⁹ (Figure 6).

- Just transition, as it is important to consider how companies are considering the social dimensions of the net zero transition, noting that it is included as part of the Paris Agreement.¹⁰
- Climate lobbying to gain insight into whether companies' lobbying activities are contravening the goals of the Paris Agreement. This will also serve to amplify activities under Principle 5.

Climate stewardship priority areas will be reviewed and, if deemed necessary, updated at least every 3 years with this Policy or as market developments dictate.

Figure 6 below illustrates the need for better financial reporting that takes into account the impact of climate-related risks and opportunities.

Figure 6



Source: TCFD, 2017

⁸ Notably within climate transition plans and TCFD disclosures

⁹ <https://www.igcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fabcd4d15595d>

¹⁰ Relevant excerpt from Paris Agreement – "Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities."

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Principle 3: Integrate climate risk into how we select, appoint and monitor our fund managers and other service providers

The Scheme will continue to evaluate the climate competency and capabilities of service providers, particularly our asset manager and the Scheme's independent investment adviser, to reduce the risks those entities could pose to the portfolio. This will be reported on at least annually as part of the TCFD report and Implementation Statement.

In the event that the fund manager or service provider ceases to meet the Trustee's requirements on climate change, the Scheme will work with them to improve their capabilities. Should this collaboration be viewed as unsuccessful by the Trustee, their appointment may be reviewed or terminated.

Principle 4: Hold investee companies to account for the actions they are taking to address climate change risks

The Scheme's current structure lends itself to primarily focusing on asset manager engagement, as this is where the Scheme would have the most leverage in driving change at a company level. Any company-level engagement that the Scheme chooses to undertake would be decided on an exceptions basis, informed by the gap between our own climate expectations outlined in Principle 1 and 2 and our fund managers' stewardship approach. Where possible, the Scheme would seek to leverage existing investor collaborative engagement platforms such as the [Principles for Responsible Investment \(PRI\)](#) and the [Institutional Investors Group on Climate Change \(IIGCC\)](#).

Principle 5: Engage with the wider investment industry to ensure that it is fit for purpose to achieve our net zero ambition

In recognising the importance of other investment actors in achieving our net-zero ambition, the Trustee is committed to engaging with:

- data and index providers, rating agencies and investment consultants to drive better climate change disclosure; and,
- policy makers and regulators on driving regulation related to the net zero transition in recognition that neither investors nor companies alone can achieve it.

Principle 6: Collaborate with other like-minded investors and stakeholders to increase influence

Working with other organisations that can help the Scheme be more effective (eg, PRI) is included as part of the Scheme's overarching Responsible Investment Policy.

The Trustee supports collaborative initiatives that are focused and well organised and that add more power to our stewardship approach. Collaborative engagement will be sought if there are particular issues the Scheme has in relation to Principles 3, 4, and 5, recognising that it may have more success when dealing with asset managers, service providers, data providers, and policy makers collectively.

The Scheme's IIGCC membership helps the Trustee act in line with this principle through its forums for investor collaboration on key industry-wide challenges to achieving net zero. It also contributes to Principle 5 through its [Policy Programme](#) (which allows us to join investor collaborations targeting government and policymakers).

Pillar 3: Reporting

Principle 7: Annually report on our progress

The Trustee will oversee the net-zero ambition and the Scheme's investment team will implement this Policy.

As previously stated, the Policy will be fully reviewed at minimum every 3 years (or before if ongoing monitoring reveals it is necessary) to ensure it remains in alignment with our fiduciary obligations as outlined in Section 2 of this Policy. The Trustee will receive an annual deep-dive assessment on the implementation of this Policy and the Scheme's activities will be publicly reported on as part of our annual TCFD and Implementation Statement reporting, as well as other reporting as deemed necessary.

Appendix

Glossary

Greenhouse gases (GHGs)

There are 4 primary GHGs linked to global warming: carbon dioxide (CO₂), methane, nitrous oxide and fluorinated gases. The Greenhouse Gas Protocol, an international accounting tool, categorises GHG emissions into three scopes. Scope 1 covers direct emissions from the reporting company's owned or controlled sources. Scope 2 covers indirect emissions from purchased electricity, steam energy, heating and cooling that have been consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in the reporting company's value chain.¹¹

Institutional Investors Group on Climate Change (IIGCC)

A European membership body for institutional investor action on climate change. Its work focuses on corporate governance, investor practices and public policy.¹²

Intergovernmental Panel on Climate Change (IPCC)

The United Nations intergovernmental body for assessing the science of climate change. The IPCC's assessment reports supported the creation of the Paris Agreement.¹³

Just Transition

'Just Transition' was included as part of the Paris Agreement to ensure that workers and communities are not left behind as the world's economy responds to climate change. The **Investing in a Just Transition initiative** is led by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE) and the Initiative for Responsible Investment at the Harvard Kennedy School.¹⁴

Net zero

The term "net zero" means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions being re-absorbed from the atmosphere. A 'gross-zero' target would mean reducing all emissions to zero. This is not realistic, so instead

the net-zero ambition recognises that there will be some emissions in hard-to-abate sectors for which the transition to net zero is either technologically or financially difficult (eg, steel, cement industries). Therefore, the emissions associated with these hard-to-abate sectors would need to be offset through negative emissions technologies or some other mechanism. Negative emissions technologies are mechanisms for the absorption and storage of carbon and other atmospheric greenhouse gases (eg, carbon capture).

Paris Agreement

The Paris Agreement was reached at COP21 in 2015. Its aim is to ensure global warming in the 21st century remains well below 2°C above the average level recorded for the period 1850 to 1900 and to support efforts to limit global warming to 1.5°C. The Agreement also takes into account a 'Just Transition,' meaning "taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities."¹⁵

Principles for Responsible Investment (PRI)

A United Nations-supported international network of financial institutions working together to implement its 6 aspirational principles. Its goal is to understand the implications of sustainability for investors and support signatories to facilitate incorporating these issues into their investment decision-making and ownership practices. In implementing these principles, signatories contribute to the development of a more sustainable global financial system.¹⁶

Responsible Investment

The integration of financially material environmental, social and governance ("ESG") factors into investment processes, including stewardship.

Stewardship

The Financial Reporting Council (FRC) defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.¹⁷

¹¹ ghgprotocol.org

¹² iigcc.org

¹³ ipcc.ch

¹⁴ Climate Change and the Just Transition: A Guide for Investor Action | Center for Public Leadership - Harvard Kennedy School

¹⁵ unfccc.int

¹⁶ www.unpri.org

¹⁷ UK Stewardship Code | Financial Reporting Council (frc.org.uk)

Appendix 3:

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Key research

In establishing the Scheme's renewed net zero commitment, based on the view that the market is currently mispricing climate risk and that there is a risk to asset values of a market repricing event, the Scheme has looked to the Bank of England, financial regulators, academic research, and views from investor groups and consultants. Key research is highlighted below.

Net zero commitment

Blackrock Investment Institute. Positioning for the net zero transition. June 2022. [BII Global insights \(blackrock.com\)](#)

Climate Action Tracker. CAT Net Zero Target Evaluations. November 2022. [CAT net zero target evaluations | Climate Action Tracker](#)

European Commission. The European Green Deal. 11 December 2019. [EUR-Lex - 52019DC0640 - EN - EUR-Lex \(europa.eu\)](#). Also: [EU strikes deal to boost carbon market, Europe's biggest climate policy | Reuters](#)

Government of Canada. Canadian Net-Zero Emissions Accountability Act. 29 June 2021. [Canadian Net-Zero Emissions Accountability Act - Canada.ca](#)

International Energy Agency. An updated roadmap to Net Zero Emissions by 2050 – World Energy Outlook 2022. October 2022. [An updated roadmap to Net Zero Emissions by 2050 – World Energy Outlook 2022 – Analysis - IEA](#)

IPCC. IPCC Sixth Assessment Report. Press Release – The evidence is clear: the time for action is now. We can halve emissions by 2030. 4 April 2022. [Press release \(ipcc.ch\)](#)

UK Cabinet Office and The Rt Hon Alok Sharma KCMG MP. World Leaders Launch Forests and Climate Leaders' Partnership at COP27. 7 November 2022. [World Leaders Launch Forests and Climate Leaders' Partnership at COP27 - GOV.UK \(www.gov.uk\)](#)

UK Department for Business, Energy & Industrial Strategy. Net Zero Strategy – Build Back Greener. 19 October 2021. [Net Zero Strategy: Build Back Greener - GOV.UK \(www.gov.uk\)](#)

Rt Hon Chris Skidmore MP. Mission Zero: Independent Review of Net Zero. 13 January 2023. [MISSION ZERO - Independent Review of Net Zero \(publishing.service.gov.uk\)](#)

United States Department of State and the United States Executive Office of the President, The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050. November 2021. [The Long-Term Strategy of the United States, Pathways to Net-Zero Greenhouse Gas Emissions by 2050 \(whitehouse.gov\)](#)

Mispricing climate risk

Climate-Related Market Risk Subcommittee, Market Risk Advisory Committee of the U.S. Commodity Futures Trading Commission. Managing Climate Risk in the U.S. Financial System. 9 September 2020. [Managing Climate Risk in the U.S. Financial System \(cftc.gov\)](#)

Financial Conduct Authority. Joint Statement by the FCA, PRA, TPR and FRC on the publication of Climate Change Adaptation. 28 October 2021. [Joint statement by the FCA, PRA, TPR and FRC on the publication of Climate Change Adaptation Reports | FCA](#)

Global Association of Risk Professionals. 2021 Third Annual Global Survey of Climate Risk Management at Financial Firms. September 2021. [GRI_ClimateSurveyReport_082721.pdf \(garp.org\)](#)

KPMG. Can Capital Markets Save the Planet? October 2021. [Can capital markets save the planet? \(assets.kpmg\)](#)

London School of Economics. 15 years on from the Stern Review: economics of climate change, innovation, growth – video. 26 October 2021. [15 years on from the Stern Review: economics of climate change, innovation, growth - video - Grantham Research Institute on climate change and the environment \(lse.ac.uk\)](#)

Principles for Responsible Investment. Financial markets are mispricing climate risk. 21 November 2019. [Financial markets are mispricing climate risk | Blog post | PRI \(unpri.org\)](#)

Sky News. Bank of England governor: Climate risks 'not reflected in market prices of most financial assets'. 1 June 2021. [Bank of England governor: Climate risks 'not reflected in market prices of most financial assets' | Business News | Sky News](#)

Stroebe & Wurgler. What Do You Think About Climate Finance? August 2021. [What Do You Think About Climate Finance? | NBER](#)

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Market repricing and transition shocks

Bank of England. Breaking the tragedy of the horizon – climate change and financial stability. 29 September 2015. [Breaking the tragedy of the horizon - climate change and financial stability - speech by Mark Carney | Bank of England](#)

Carton & Natal. Further Delaying Climate Policies Will Hurt Economic Growth. 5 October 2022. [Further Delaying Climate Policies Will Hurt Economic Growth \(imf.org\)](#)

European Parliament. Deal reached on new carbon leakage instrument to raise global climate ambition. 13 December 2022. [European Parliament Press Room - Press Release 13-12-22](#)

European Parliament. Climate change: Deal on a more ambitious Emissions Trading System (ETS). 18 December 2022. [Climate change: Deal on a more ambitious Emissions Trading System \(ETS\) | News | European Parliament \(europa.eu\)](#)

Grantham Research Institute on Climate Change and the Environment. Preventing a 'climate Minsky moment': environmental financial risks and prudential exposure limits. March 2022. [Preventing a 'climate Minsky moment': environmental financial risks and prudential exposure limits | Exploring the case of the Bank of England's prudential regime - Grantham Research Institute on climate change and the environment \(lse.ac.uk\)](#)

Inevitable Policy Response. IPR 2022 Policy Gap Analysis. 16 November 2022. [IPR 2022 Policy Gap Analysis | Thought leadership | PRI \(unpri.org\)](#)

Network for Greening the Financial System. Technical Supplement to the First NGFS Comprehensive Report. July 2019. [ngfs-report-technical-supplement_final_v2.pdf](#)

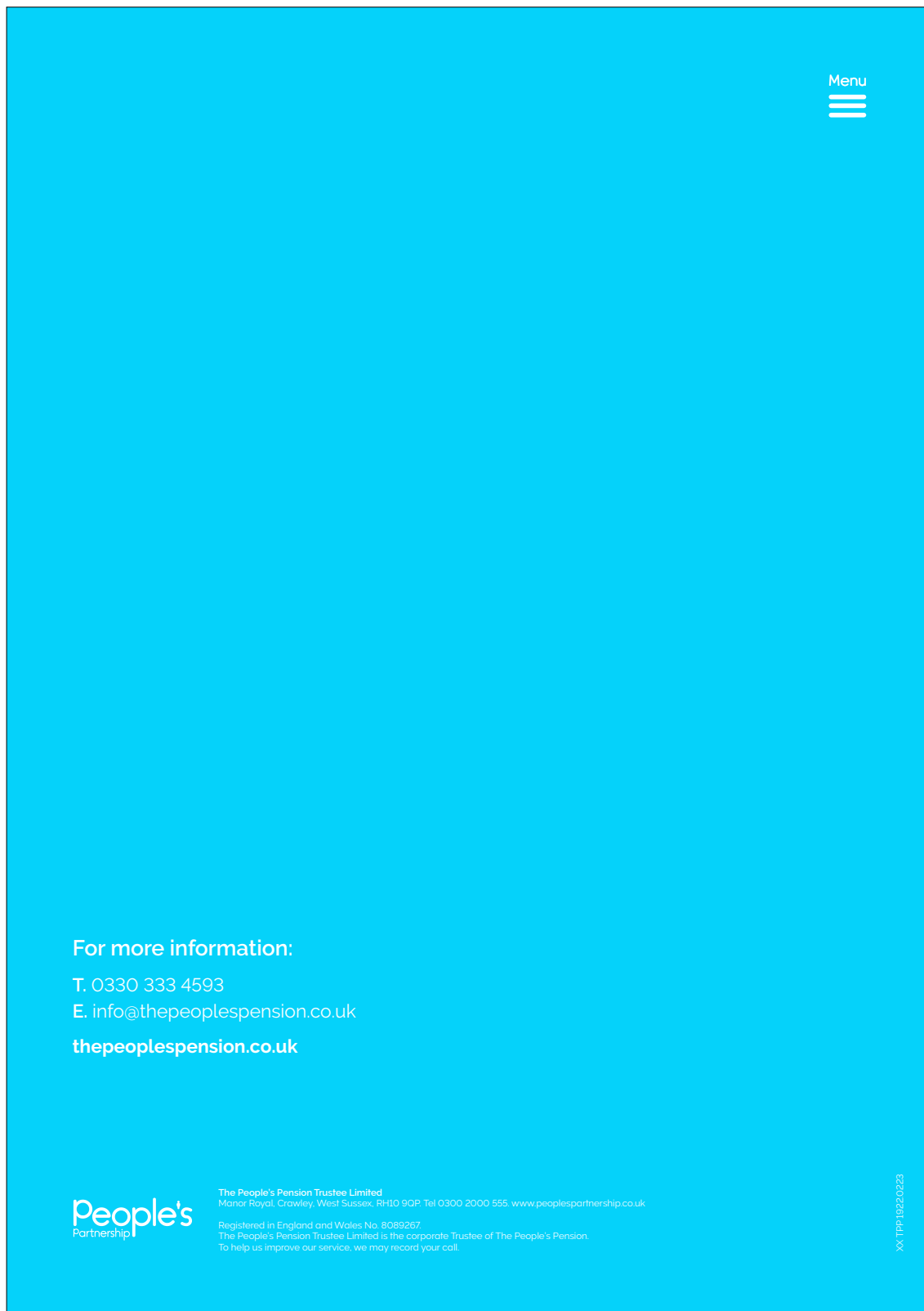
Vivid Economics. Low Carbon Transitions and Systemic Risk. March 2020. [Low-Carbon Transitions and Systemic Risk - Vivid Economics](#)

Amplification effects of technological innovation and renewable cost curves

International Energy Agency. World Energy Outlook 2022. October 2022. [World Energy Outlook 2022 \(windows.net\)](#)

Rocky Mountain Institute. The Energy Transition Narrative. September 2022. [The Energy Transition Narrative - RMI](#)

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People's
Partnership

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Registered in England and Wales No. 8089267.
The People's Pension Trustee Limited is the corporate Trustee of The People's Pension.
To help us improve our service, we may record your call.

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