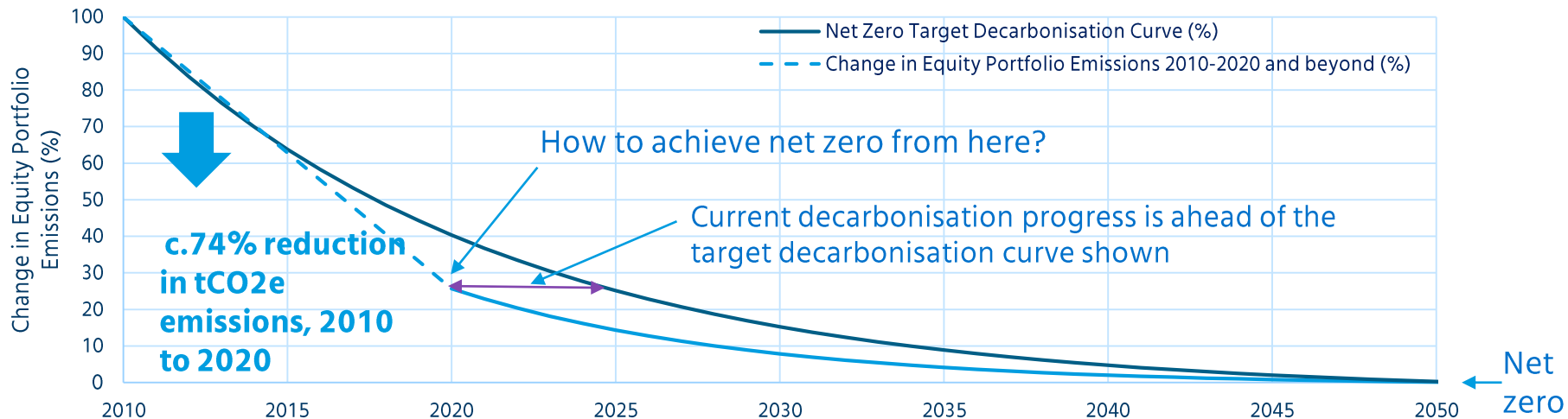


An aerial photograph of a wind farm. Several white wind turbines with three blades are visible, rising above a thick layer of white, fluffy clouds. The background shows a hazy landscape with rolling hills under a blue sky with light, wispy clouds. The overall tone is clean and modern, representing renewable energy.

# Environment Agency Active Pension Fund (“EAPF”) Summary: Decarbonisation Target Setting

December 2020

# Environment Agency Active Pension Fund Decarbonisation Journey to Date – Listed Equity

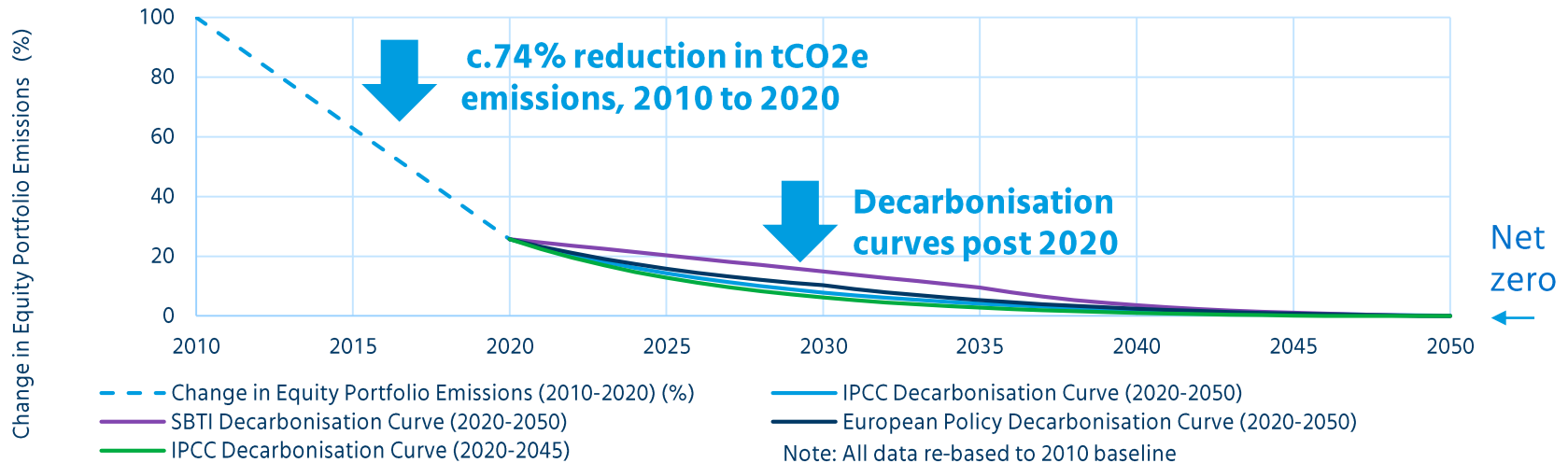


- EAPF is in the process of developing a Net Zero approach for the Fund’s investment strategy. This summary presentation explores setting science-based, and policy-based, decarbonisation targets for the listed equity portfolio, as part of this work. EAPF has undertaken this work as a valued member of Mercer’s Future Maker Working Group that is made up of investors committed to advocating for and creating the investment conditions that support a “well-below 2<sup>0</sup>C scenario” outcome.
- On an absolute basis, the Fund’s listed equity portfolio has reduced its Scope 1 and 2 emissions (measured in tonnes of carbon dioxide equivalents, tCO<sub>2</sub>e) by c.74%, between 2010 to 2020. This is particularly impressive as the value of the equity portfolio has risen 94% to £1,250m over the period. Please note carbon footprint data is subject to a number of assumptions and limitations including lack of data coverage. Analysis does not include Scope 3 emissions.

Source: MSCI, Mercer, EAPF and investment managers. Data as at 31 March 2010 and 2020. Carbon footprint analysis focuses on the listed equity portfolio. For more information on Mercer’s Analytics for Climate Transition framework, a new climate change solution to help investors transition to a 1.5°C climate scenario see: <https://www.mercer.com/newsroom/mercer-launches-new-climate-change-offering-to-help-investors-transition-to-a-climate-scenario.html>.

# Environment Agency Active Pension Fund

## Decarbonisation Methodology and Results– Listed Equity



- The chart above summarises analysis undertaken for EAPF exploring net zero decarbonisation target setting for the Fund’s listed equity portfolio. As part of this work we measured decarbonisation progress between 2010-2020.
- We use three different approaches to set decarbonisation targets to 2025 and 2030, consistent with net zero by 2045 or 2050 (the “decarbonisation curves”) based on:
  1. IPCC Decarbonisation Curve consistent with a 1.5<sup>0</sup>C scenario (2010 baseline). For this curve we analyse net zero targets to both 2045 and 2050.
  2. Science Based Targets initiative’s (SBTi) Decarbonisation Curve consistent with a 1.5<sup>0</sup>C scenario (2020 baseline).
  3. European Policy Decarbonisation Curve (2020 baseline).

**The IPCC Decarbonisation Curve, consistent with net zero by 2045, is the most ambitious option. Building on EAPF’s decarbonisation actions taken to date, this pathway targets equity portfolio emissions reductions of c.87% by 2025 and c.95% by 2030 using 2010 as a baseline.**

Source: MSCI, Mercer, EAPF and investment managers. Data as at 31 March 2010 and 2020. The analysis focuses on the listed equity portfolio. Decarbonisation curves are calculated by Mercer but informed by the three approaches. For more information on Mercer’s Analytics for Climate Transition framework, a new climate change solution to help investors transition to a 1.5<sup>0</sup>C climate scenario see: <https://www.mercer.com/newsroom/mercer-launches-new-climate-change-offering-to-help-investors-transition-to-a-climate-scenario.html>

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