

How the EAPF invests

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Today's agenda

- Your Fund
 - Investment Strategy
 - Responsible Investment
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Your Fund

- Environment Agency Pension Fund
 - Defined benefit fund
 - Liability risk is with employers not individuals
 - 3 Employers
 - 2 Funds – Active £3.7bn assets, Closed £294m
 - 39,000 members
 - 97% of staff participate
-

Strong governance at many levels

- Local Government Pension Scheme
- Pensions Committee
- Annual audits
- Report to Parliament
- Employer oversight
- Accountable to members



Members of the Fund who represent you on the Pensions Committee



Investments

- Our liabilities run beyond 2100
 - We need strong, long term investment returns
 - Investing responsibly is key for us
 - Employers contribute too
 - We are currently fully funded (Asset to liability ratio)
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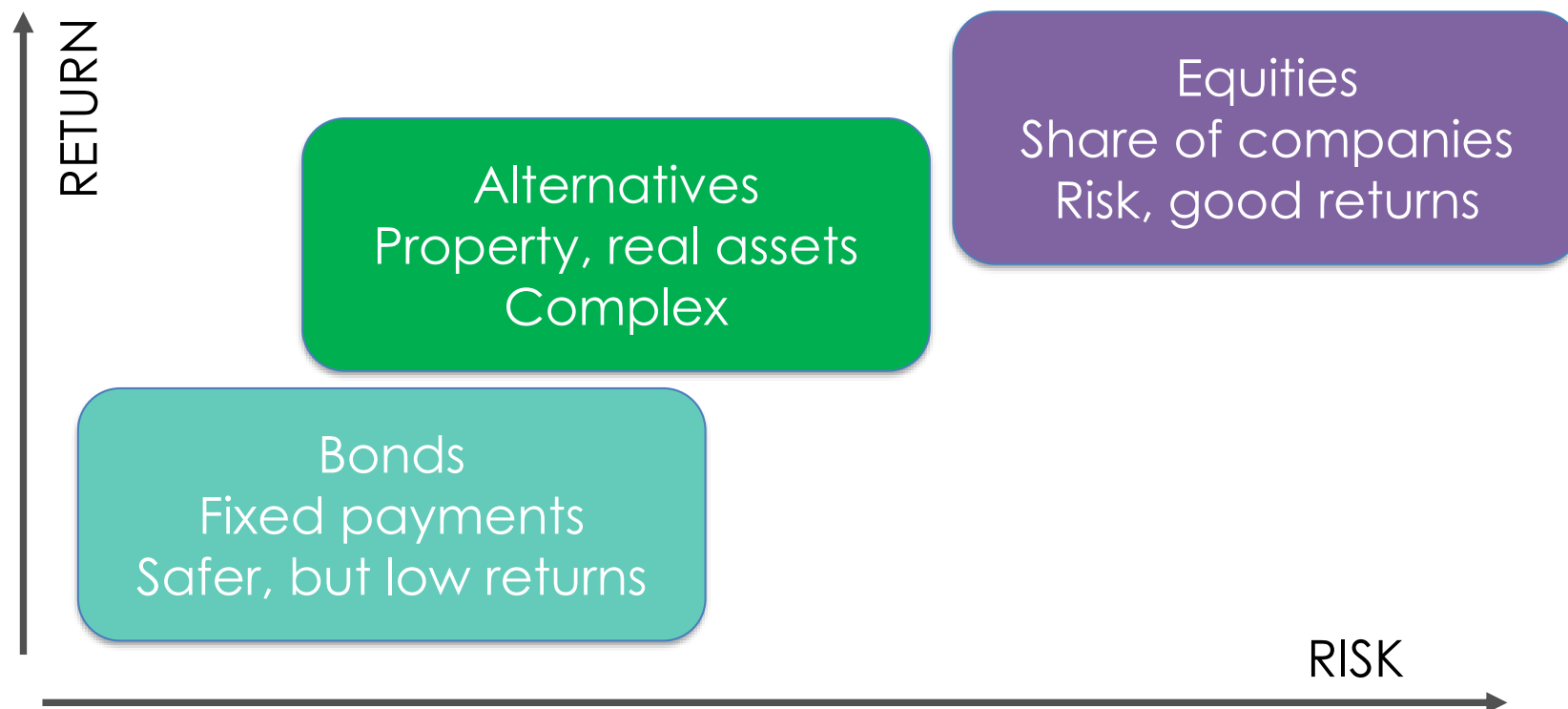
Investment principles

- Long term investors
 - Responsible investors
 - Best practice governance
 - Decisions informed through experts and knowledgeable officers and committee
 - Evidence and research at heart of investments
 - Leadership and innovation
 - Right risk for right return
 - Full risk evaluation
 - Responsible stewardship
 - Cost effective solutions
 - Transparent and accountable
 - Collaborate
-

Investment strategy

- The Investment Sub-Committee recommends the investment strategy to the Pensions Committee
 - We decide which asset class to invest in and how much to put in each type of investment
 - We spread money in different ways to reduce risk
 - We get expert investment advice
 - We employ external fund managers
 - We do not direct the managers on individual decisions
 - We monitor closely the performance of funds.
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Choosing the right risk, return and asset classes

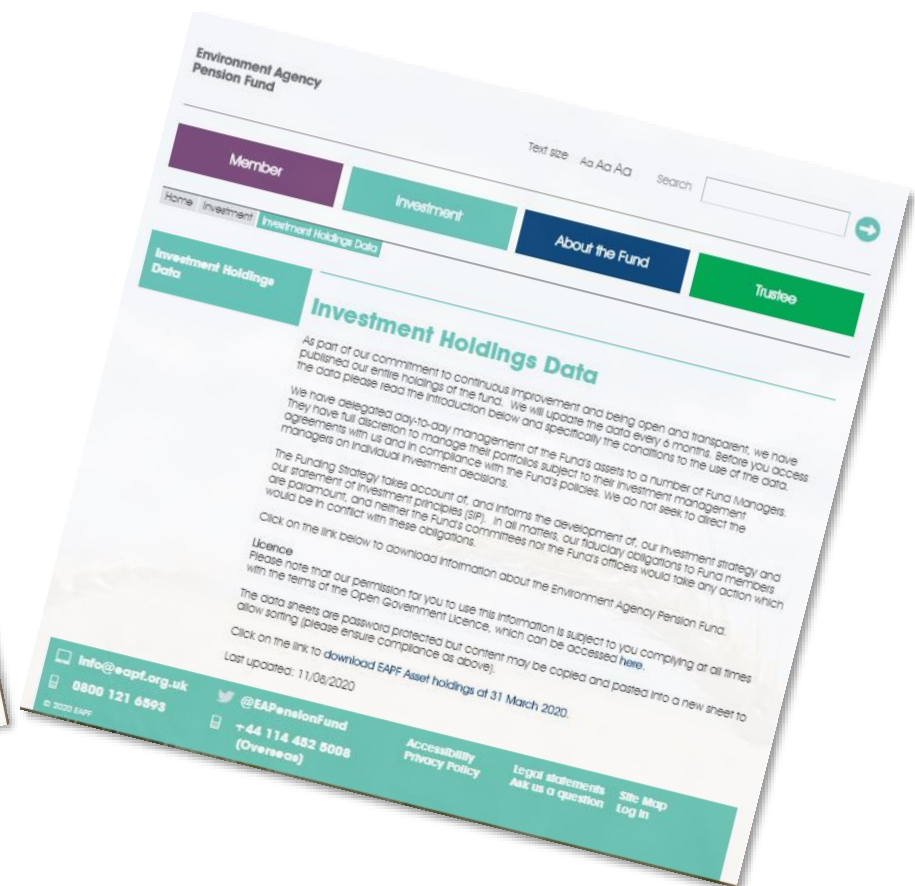
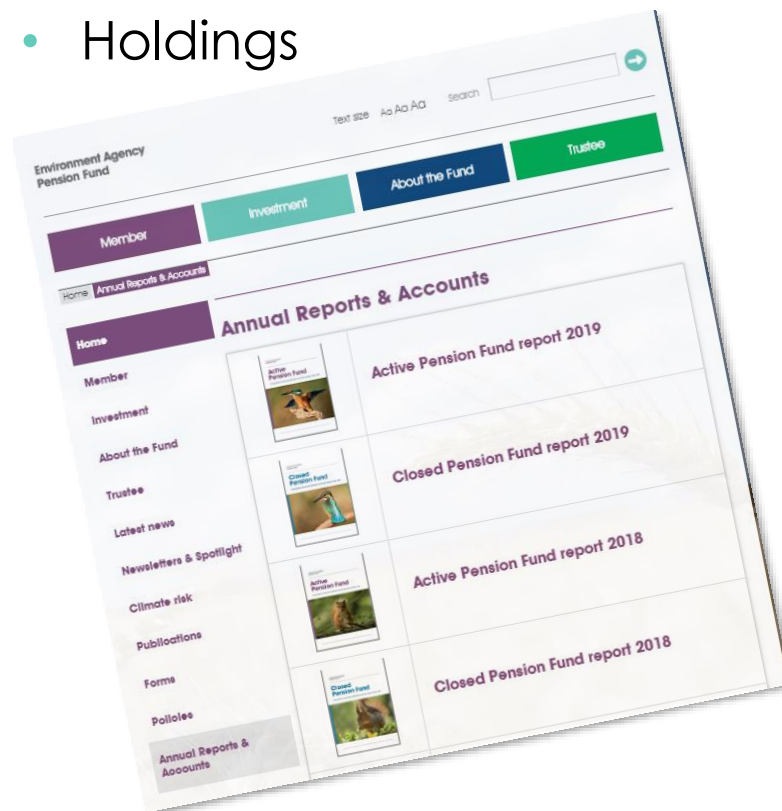


EAPF Strategic Asset Allocation

Asset Class	% Weight
Global Equities	36.5
Private Equity / TOP	4.0
Real Assets	12.0
Corporate Bonds	22.0
Multi Asset Credit	5.0
Private Debt	8.0
Liability Driven Investment	11.5
Cash	1.0

Our holdings are on the EAPF website

- Annual Report and Financial Statements
- Holdings



Why responsible investment is important

- Makes business sense
 - Good for economy and society
 - Legal duty
 - Reputational risk
 - Members tell us it is important to them
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EAPF as a leader in responsible investment

- Global leader
- 73% reduction in carbon footprint of our equity assets since 2008
- 6.4% annual average returns over last 5 years

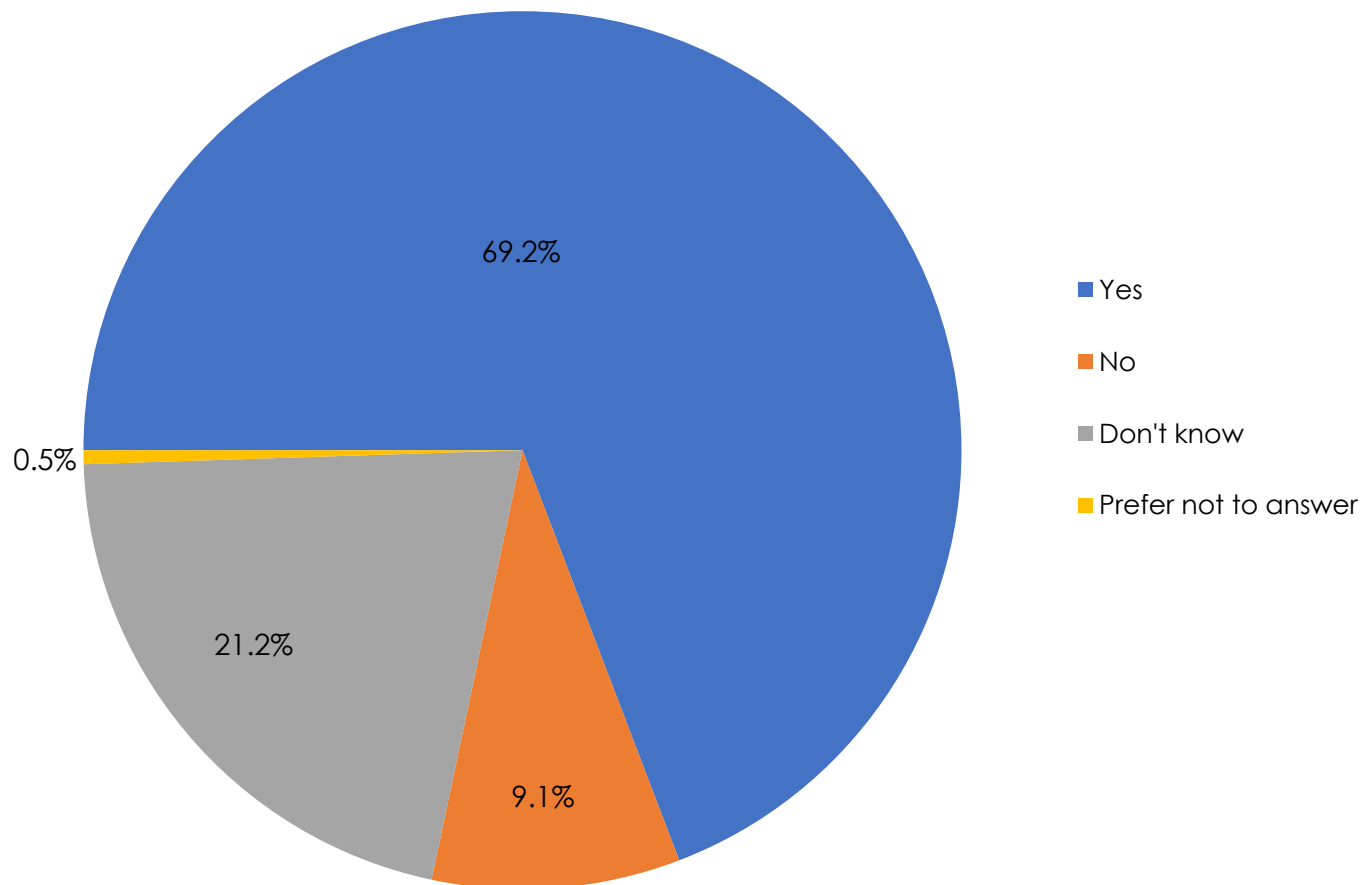


Targets

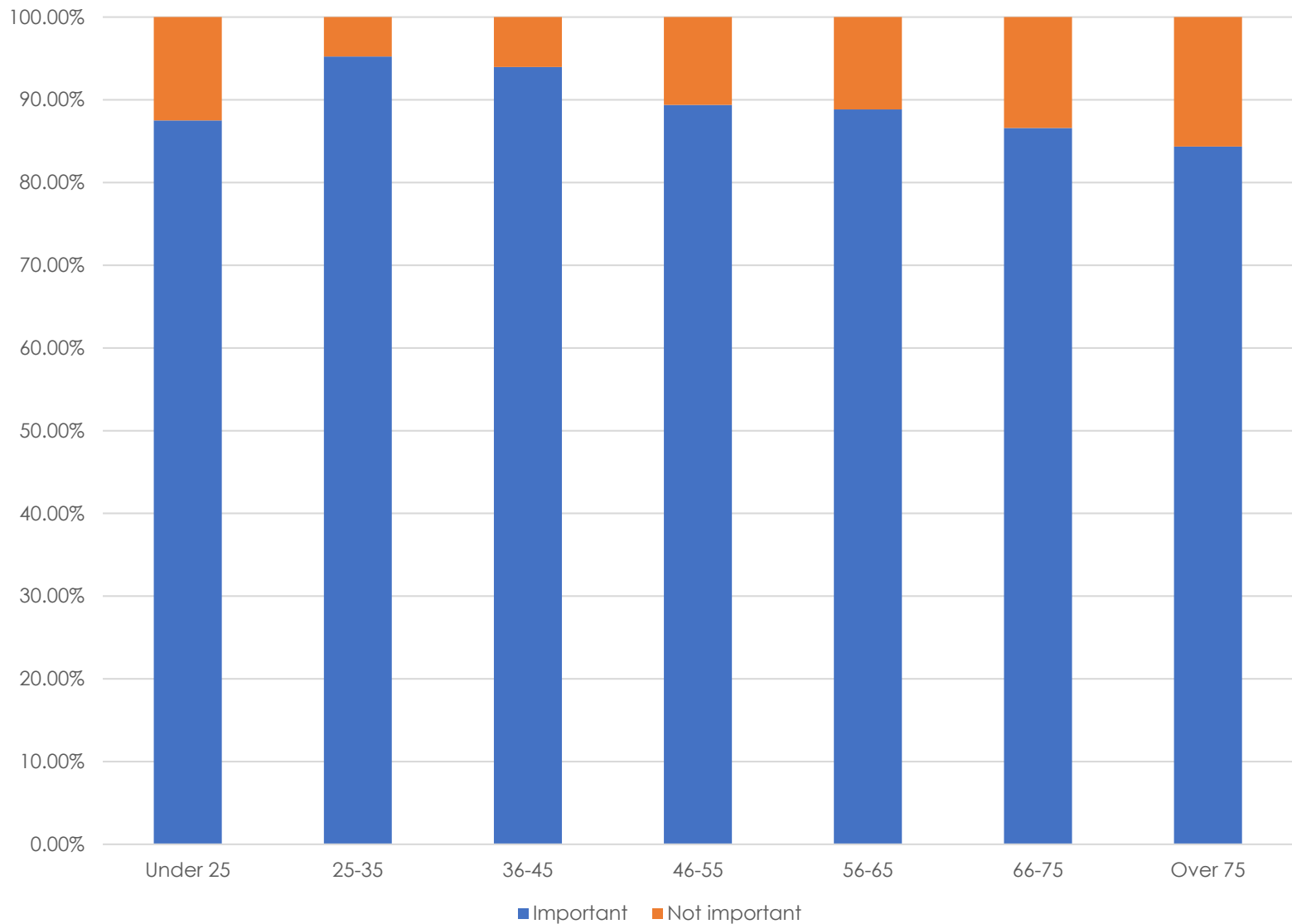
- At least 33% of our funds will be in sustainable assets
- 17% of these will directly address climate change
- And the other 67%....




Do you believe that climate change will present a financial risk to investments in your lifetime?



Is it important to you that the EAPF invests in sustainable and low carbon assets?



Important includes those who thought it very important, important or quite important.



Martha

[View your profile](#)

Member profile

Member since:
July 2020

Activities completed:
12

Activities until next level:
8



Welcome

To make the most of your experience, here are a few important features.

[Click here](#)



EAPF RI Community - Video Focus Group (12pm - Thur 23rd)


Sharing your views with other members

[Join focus group](#)



Your views on the EAPF's Responsible Investment approach

[Make a comment](#)



Your pension and the EAPF

[Make a comment](#)

Quick poll

When looking at the different funds you can invest your Additional Voluntary Contributions in, did you feel as though there were sufficient opportunities to invest responsibly?

[Save](#)

Discussion rooms

The screenshot shows the Environment Agency Pension Fund website with a focus on the EAPF's Responsible Investment Approach. It features a navigation menu, a main content area with a video player, and a sidebar with various topics and links. The main content area includes a video titled 'Introducing the EAPF's Responsible Investment Approach' and a section for 'Your views on the EAPF's Responsible Investment approach' with a 'Post' button.

Quick polls

If you had to make a choice, would you prefer the EAPF to be engaging on the issue of reducing emissions (focusing on net zero) or managing the physical risks from climate change (focusing on building resilience)?

The regulations set out what guaranteed benefits you get, and these are usually the same for everyone (subject to length and time of service). What if there were an option to take a risk with your benefits- where the investment approach focused solely on maximising the environmental benefits – would you consider this even if there were a risk of you getting a lower pension?

I would prefer my pension fund to be engaging on the issue of reducing emissions (focusing on net zero)

I would prefer my pension fund to be managing the physical risks from climate change (focusing on building resilience)

Yes, definitely

Yes, but I would want to more information

No, I don't think so

Definitely not

I don't know

Save

Social Hub

A word of thanks from Richard Curtis (yes, THE Richard Curtis)

Make My Money Matter is a people-powered campaign which asks organisations like the EAPF to commit to helping their members align their pots with their values. The EAPF are proud to have made this commitment and become a Make My Money Matter pledge partner.

Here is a video from Make My Money co-founder Richard Curtis (yes, the Richard Curtis of Comic Relief and Love Actually fame!) to explain a bit more about the campaign and to personally thank EAPF RI Community members for giving up their time over these two weeks.



Like 10 Replies 3

Short survey (incl. highlighter tool)

Are there any other industries where you think engagement is not appropriate, and that you would like to exclude from your pension?

Please tick all that apply

Airlines/airports	Alcohol	Chemicals	Gambling	Mining
Weapons	Nuclear power	Pornography	Tobacco	Other (please specify)

Please click on the below image to let us know what you like or dislike about it

No, I don't think any industries need to be completely excluded

Responsible investment (and ethical investment) means that the Environment Agency Pension Fund is responsible to its members as well as to the wider community. It is the 'outlet' and the decision may be based on a number of factors.

A responsible investor will invest across the full range of listed companies. It will not use the power of ownership to influence companies to improve their environmental, social and governance (ESG) performance to manage risk and generate long term returns.

Investors may consider investing in oil and gas companies and tobacco. However, this is not a responsible form of energy.

There are no areas I really like or really dislike

Video focus groups and 1-2-1 conversations

The screenshot shows a Zoom meeting interface with a grid of video feeds. The meeting title is 'EAPF RI Community - Video Focus Group (2pm - Mon 27th)'. The interface includes a navigation bar with options like 'Home', 'Social hubs', 'Rooms', 'Events', 'Focus groups', and 'Services'. The Zoom controls at the bottom show 'Mute', 'Unmute', 'Video', 'Turn off video', 'Turn on video', 'Chat', 'Share screen', 'Share desktop', 'Share application window', 'Share file', 'Share screen', 'Share desktop', and 'Share application window'.



31 members spoken with

Forums

The screenshot shows a forum post from the United Nations Sustainable Development Goals. The post title is 'The United Nations Sustainable Development Goals - which are most important to you?'. The post content includes a list of 17 goals and a link to a survey. The forum interface shows a user profile, a post date, and a 'Reply with quote' button.

“Thanks for taking the time to consult with me, I just wanted to feedback that this engagement from the EAPF has been **very refreshing**. I really appreciate this new engagement with members and would like to see something similar happen on an annual basis.”

“**It's been brilliant that we've been given the opportunity** to feed in our opinions and I've enjoyed contributing. The varied format and the ability to dip in and out has been really useful and allowed me to contribute more. Thank you.”

“So far this has been a very positive experience. The layout, format, activities all have engaged me, **and I want to contribute much further**. Well done.”

“**I'm really pleased that the EAPF is living our ideals** and engaging with the community. I look forward to hearing about what you did differently as a result. Well done and thanks.”

“I think its fab that the EA pension fund is a recognised leader in RI, and that it is taking **such a positive step** in involving members in how the fund is run.”

“Interesting exercise and **I feel able to contribute** something to it. Congratulations on setting it up.”

Members want more ambition and urgency

- 92% want net zero target
 - Investment targets not high enough
 - Support engagement work but want to see results – or divest
 - Want better comms (e.g. holdings)
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Resources to find out more

www.eapf.org.uk



[@EAPensionFund](https://twitter.com/EAPensionFund)

Questions and comments
