Paris Aligned Asset Owners disclose initial net zero objectives and targets ahead of COP26

Ahead of COP26 in November 2021, a number of Paris Aligned Asset Owners have disclosed their initial objectives and targets to demonstrate progress towards development and implementation of net zero investment strategies as well as to indicate areas of target setting and strategy development still underway. Paris Aligned Asset Owners have one year from signing the asset owner net zero commitment to disclose objectives and targets and publish an investor climate action plan, meaning that the current disclosures have been provided only 7 months following the first commitments made.

Paris Aligned Asset Owners have been using the Net Zero Investment Framework to develop investment strategies consistent with achieving the global goals of the Paris Agreement and disclose in line with the 10 key principles of the PAII net zero commitment statement. The tables below provide summary information and further details of each asset owner's targets and strategy can be found using the links provided where this information is publicly available.

The Paris Aligned Investment Initiative (PAII) will continue to receive disclosures leading up to spring 2022, in line with the first wave of asset owner commitments made in March 2021. PAII will publish a comprehensive progress report in 2022 and will continue to communicate progress made through the Race to Zero and Glasgow Finance Alliance for Net Zero (GFANZ). Additional and updated disclosures will also be published on the PAII website.

Cornwall Pension Fund

Portfolio level – emissions reduction reference target	**Baseline:** December 2020 **Target Year(s):** 2025, 2030, 2045 **Target(s):** For the whole fund: -50% CO2e by 2030, net zero by 2045 For listed equity: -43% CO2e by 2025, -76% CO2e by 2030, net zero by 2045 **Baseline year performance for the target metric(s):** 31,423 tC02e (absolute emissions) (for listed equity fund holdings of $940 million) **GHG scopes included:** Scope 1 & 2 for all equities, scope 3 to be included in due course **Asset classes in scope:** Currently listed equity. Cornwall's updated RI policy includes a commitment to expanding the Fund's Net Zero target setting to incorporate other asset classes, targeting a whole of Fund approach for example, including property and infrastructure in 2022 and private equity and debt in 2022/23.
Portfolio level – investment in climate solutions	Cornwall's updated RI policy includes raising the Fund's sustainable/low carbon allocation target to 30% (currently 15%) by 2025. This currently includes a dedicated allocation of 2% to renewable infrastructure (although in practice the investment in this will be higher as part of the Fund's broader infrastructure allocation) and also an allocation to UK Renewable Energy through the Fund's Social Impact Portfolio.
Asset level alignment – portfolio coverage target	Cornwall's updated RI policy includes a commitment to developing a more detailed implementation plan for the listed equity portfolio and adopt integration (risk reduction), stewardship (transition capacity) and green targets for the portfolio.
Asset level alignment – engagement threshold	Cornwall's updated RI policy includes a commitment to developing a more detailed implementation plan for the listed equity portfolio and adopt integration (risk reduction), stewardship (transition capacity) and green targets for the portfolio.
Additional information	The Fund has already achieved a 77% reduction in absolute emissions for the equity allocation between 2010 and 2020 (this equates to approximately 160,000 tCO2e). **Scenario(s) used:** IPCC scenario decarbonisation curve consistent with a 1.5C scenario

For further information: See our Responsible Investment page, which includes our latest Responsible Investment Policy and our Responsible Investment Outcomes Report for the previous financial year.

Environment Agency Pension Fund

Portfolio level – emissions reduction reference target	**Baseline:** 30 December 2010 **Target Year(s):** 2025, 2030, 2045 **Target(s):** tC02e absolute emissions scopes 1 & 2: 2025 = 35,318 (87% reduction) 2030 = 14,580 (95% reduction) 2045 = net zero **Baseline year performance for the target metric(s):** 276,485 tC02e (absolute emissions, scopes 1 & 2) **GHG scopes included:** Scope 1 & 2 for all equities. Scope 3 to be included in due course. **Asset classes in scope:** The above reductions are for our listed equity portfolio. Across all asset classes, we have a target of halving emissions by 2030 and getting to net zero by 2045.
Portfolio level – investment in climate solutions	**Target year:** 2025 **Target:** 17% of our investments across the portfolio will directly tackle climate change by helping to reduce emissions or build resilience. **Baseline:** No baseline – target is a relative % of total investments. **Methodology:** Those assets in the FTSE Sustainable classifications of renewable & alternative energy and energy efficiency and those private market funds from our Targeted Opportunities Portfolio (TOP) which directly tackle climate change through providing lower carbon alternatives.
Asset level alignment – portfolio coverage target	EAPF is currently undertaking a transition alignment analysis of its listed equity portfolio. Further to this, we will consider what further targets we may set and over which timescale.
Asset level alignment – engagement threshold	Further to the outcome of our transition alignment analysis, the EAPF will agree with the Brunel Pension Partnership on future engagement priorities and thresholds for action.
Additional information	**Scenario(s) used:** IPCC scenario decarbonisation curve consistent with a 1.5C scenario (2010 baseline).

For further information: The EAPF goes net zero

H. E. S. T. Australia Ltd

Portfolio level – emissions reduction reference target	**Baseline:** 30 June 2020 **Target Year(s):** 2030, 2050 **Target(s):** 2030: 33% reduction in tCO2e/AU$M invested 2050: net zero carbon emissions **Baseline year performance for the target metric(s):** 53 tCO2e/AU$M invested **GHG scopes included:** Scope 1 and 2 measured and included in the portfolio emissions across all asset classes. We seek to collect scope 3 data, but complete data is not available. We will look to improve data capture and reporting over time. **Asset classes in scope:** Listed Equities, Global Debt, Alternative Credit, Infrastructure, Property, Private Equity
Portfolio level – investment in climate solutions	Work currently in progress.
Asset level alignment – portfolio coverage target	HESTA plans to undertake a baselining assessment of asset alignment according to the Framework and set targets in due course.
Asset level alignment – engagement threshold	Work currently in progress. Currently engaging directly through CA100+.
Additional information	**Methodology:** HESTA's Climate Change Report, embodying the Climate Change Transition Plan, describes the inclusion of climate considerations in investment integration and active ownership. Our targets, alongside our actions defined by clean engagement pathways and escalation, focused industry advocacy and supporting the health and community services sector through the transition are consistent with delivering the requirement in the IPCC special report on global working of 1.5°C. **Scenario(s) used:** HESTA has set portfolio carbon reduction targets to manage key financial and reputational risks. Our target aligns with the aim of the Paris Agreement to limit global warming to well below 2°C, which requires economic transition to 'net zero emissions by 2050'. We intend to use the Paris Aligned Investment Initiative Net Zero Investment Framework and assess alignment of our approach to a 1.5°C pathway. **Fossil fuel policy:** HESTA's Climate Change Statement recognises climate change as a systemic risk that will impact all areas of the economy. These include physical risks, transition risks, and liability risks. Furthermore, HESTA has a portfolio-wide exclusion on companies that derive more than 15% revenue from thermal coal. More details on our fossil fuel exclusions can be found here (Pg. 17).

For further information: HESTA's Climate Change Report and Climate Change Statement

HSBC Bank (UK) Pension Scheme

Portfolio level – emissions reduction reference target	**Baseline:** 31 December 2019 **Target Year(s):** 2030 **Target(s):** 50% CO2e/$mn invested **Baseline year performance for the target metric(s):** DB: 104tCO2e/£mn invested, 78tCO2e/$mn invested DC: 103tCO2e/£mn invested, 78tCO2e/$mn invested **GHG scopes included:** Scope 1 and 2 DB portfolio: Scope 1: 45.9%, Scope 2: 48.6% DC portfolio: Scope 1: 85.0%, Scope 2: 84.6% Scope 3 emissions to be evaluated as part of next annual data gathering exercise. **Asset classes in scope:** Listed equity and corporate fixed income. We plan to engage with our real estate managers to discuss including real estate and agree targets in the first half of 2022.
Portfolio level – investment in climate solutions	HSBC Bank (UK) Pension Scheme has committed to increasing investment in climate solutions, where possible. **Baseline:** 31 December 2019 Due to the lower investment risk of the DB portfolio, it is less likely new allocations to climate solutions will be appropriate. The portfolio already contains long-term illiquid allocations to renewable energy infrastructure in the United Kingdom. However, the Trustee will allocate to solutions that are consistent with its long-term investment goals. The DC portfolio has a much greater allocation to equity, principally through the Legal & General Future World Fund. From Q3 2021, this allocation will already be achieving a 30% emissions intensity reduction relative to the FTSE All World. There will also be a doubling of the green revenue exposure – to 100% greater than the reference benchmark, as well as integration of TPI's Management Quality and Carbon Performance metrics in the portfolio construction process. Whenever the Trustee reviews the investment strategies of both the DB and DC portfolios, it will evaluate the potential of investing in climate solutions. The next upcoming review is of the regional equity allocation for the DC portfolio. These will likely be reinvested in more climate-aware versions, with a higher allocation to climate solutions (EU Taxonomy defined). Given the future de-risking investment strategy of the DB portfolio, we have not set a specific quantitative target for climate solutions yet.

Asset level alignment – portfolio coverage target	**Target year:** 2030 **Target:** 100% of assets expected to meet least "aligning" criteria **Baseline year performance for the target metric(s):** As at 31 December 2019: **DB:** 50% of the corporate fixed income portfolio had an average TPI Management Quality score of 3, meaning climate change-associated risks are being integrated into operational decision-making. No data exists currently for the remaining 50%. **DC:** 76% of the DC portfolio (listed equity and corporate fixed income) had an average TPI Management Quality score of 2.7, meaning capacity is being built to manage climate-related risks. No data exists currently for the remaining 24%. We recognise this metric only captures governance and decision making at the issuer level. We have begun collecting the percentage of our holdings that have set Science-based targets under the SBTi and we will consider adopting the new TPI IEA-consistent Carbon Performance benchmark when it is released. **Scope of target(s):** Listed equity and corporate fixed income **Data sources:** Listed equity & corporate fixed income: CA100+, Transition Pathway Initiative (Carbon Performance and Management Quality), SBTi. The alignment metrics referenced are those currently utilised but we will be reviewing what additional metrics we will use going forward to augment existing measurement processes, including those closer to the framework. The HSBC Trustee views this as an evolving area where new metrics may evolve and so is keeping a flexible approach to allow time for the industry to evolve a "widely shared approach" to measuring alignment.
Asset level alignment – engagement threshold	We are currently assessing a more accurate measure of this value. Currently 79% of our listed equity, corporate fixed income and real estate managers are members of the Climate Action 100+ initiative. However, we recognise there are gaps in our largest holdings not being subject to targeted engagement. We are currently in the process of reviewing the operating model through which we exercise our stewardship and engagement responsibilities. When this is complete, we will have a better assessment of the proportion of financed emissions that are aligned or subject to engagement.
Additional information	**Scenario(s) used:** In line with the findings of the most recent Intergovernmental Panel on Climate Change (IPCC) report. **Additional info:** Emissions reduction primarily to be driven by real economy reduction, rather than portfolio construction. **Fair share:** Our commitment is to target real economy emissions reductions in line with global requirements identified by the IPCC. Whereas the DB portfolio will continue to run-off, the DC portfolio is expected to grow exponentially in size over the next ten years. This portfolio will be diversified across sectors and geographies and will likely have a lower tracking error to the real economy. Therefore there is not an appropriate solution to reduce the emissions intensity of the portfolio other than targeting absolute emissions in the economy. **Fossil fuel policy:** The Future World Fund (over 60% of the DC portfolio, £3.4bn) excludes companies generating 30% or more of revenues from thermal coal mining/extraction. This fund also excludes ten companies from the global benchmark due to the lack of progress made on targeted engagement activities. This list includes a number of companies from the fossil fuels extraction sector.

For further information: Press release: HSBC Bank (UK) Pension Scheme sets out plans to achieve net zero by 2050 or sooner

Railpen UK

Portfolio level – emissions reduction reference target	**Baseline:** 31 March 2020 **Target Year(s)**: 2025, 2030, 2050 **Target(s)**: -25-30% CO2e/£m invested by 2025, -50% CO2e/£m invested by 2030, net zero by 2050 or sooner **Baseline year performance for the target metric(s):** 70tC02e/£m invested GHG scopes included: Scope 1 and Scope 2 emissions currently. As data quality and availability improves for Scope 3 GHG emissions, we will look to include this in future iterations of the Net Zero Plan for the future emissions footprint, engagement and alignment targets. **Asset classes in scope:** Listed Equities and Corporate Fixed Income.
Portfolio level – investment in climate solutions	Railpen has committed to increasing investment in climate solutions, where possible. Railpen has not set a quantitative target but is actively reviewing opportunities in renewable energy and energy efficient technologies and solutions, especially in infrastructure and private markets. Railpen will continue to monitor developments in data and the evidence base in defining climate solutions as we increase investments in the space.
Asset level alignment – portfolio coverage target	**Target**: 100% of AUM in 'material' sectors either already net zero, aligned to net zero, or aligning by 2040.
Asset level alignment – engagement threshold	**Target:** 70% of financed emissions in material sectors that are either already net zero "aligned" criteria or that will be subject to direct or collective engagement & stewardship actions, increasing to 90% by 2030.
Additional information	**Methodology:** IIGCC Net Zero Investment Framework (NZIF). **Scenario(s) used:** OECM Model trajectories used to determine target levels. **Additional info:** Targets are primarily based on a reduction in absolute emissions.

For further information: Railpen Net Zero Plan

Wiltshire Pension Fund

Portfolio level - emissions reduction reference target	**Baseline:** 31 December 2020 **Target Year(s):** 2025, 2030, 2050 **Target(s):** For the whole fund, all portfolios will be net zero by 2050, and we will target a reduction of 50% by 2030. For listed equity portfolios, we target a reduction of 43% by 2025 and 69% by 2030. **Baseline year performance for the target metric(s):** 49tC02e/$mn invested **GHG scopes included:** As specified above **Asset classes in scope:** Target setting currently only includes scope 1 & 2, with plans to include scope 3 over time, in line with the Net Zero Investment Framework recommendations.
Portfolio level - investment in climate solutions	**Target:** We commit to allocating 30% of the Fund to sustainable/low carbon assets by 2025, and 35% by 2030 (as measured by the long-term strategic allocation). We have set a strategic allocation of 5% of the Fund to renewable infrastructure, which will include climate solutions. We will refine and make this target more specific in the future.
Asset level alignment – portfolio coverage target	**Target:** No target currently set – a more granular implementation plan is in progress **Baseline:** 31 December 2020 **Baseline year performance for the target metric(s):** 6.2% (of listed equities) meeting at least "aligning" criteria in baseline year. **Asset classes in scope:** Listed equity
Asset level alignment – engagement threshold	Not yet set
Additional information	**Methodology:** The methodology used is "accelerated 1.5 degree decarbonisation curve". **Fair share:** Our whole fund target is consistent with delivering a fair share of the 50% global reduction in CO2 emissions by 2030, and our listed equity target is more ambitious, which increases our chances of success. Some of our highest emitting holdings are in utilities companies, but we monitor whether these are setting ambitious decarbonisation targets, so believe that our holdings are in companies which are leaders in this space and will be able to reduce emissions ahead of the overall fund target.

For further information: Our Wiltshire Pension Fund - Climate page sets out our strategy, action plan and net zero roadmap.