



# Smart Pension Master Trust

## Investment and Climate Change – Pensions For Purpose

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# Smart Pension Master Trust

Background to the Scheme





Our mission is to transform retirement, savings and financial well-being, across all generations, around the world.

- Defined contribution master trust
- Created in 2015 initially targeting auto enrolment market
- Smart Retire (drawdown facility) launched in 2021
- Around 750,000 members
- AUM £1.7bn
- Main default fund covers 92% of members
  - 80% Equity
  - 20% Alternatives
- Main default fund managers:
  - LGIM
  - J.P. Morgan
  - MV Credit and Loomis Sayles
- UN PRI signatory since May 2020

Climate change – what we are  
doing to help combat this?

# Climate targets

- Urgency of the situation –

**“40% chance of the annual average global temperature temporarily reaching 1.5 degrees Celsius above the pre-industrial level in at least one of the next five years”**

Source World Meteorological Organization, 27 May 2021

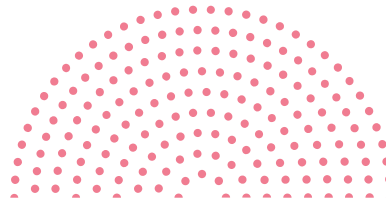
- Worked with Natixis (Smart strategic partner) to understand the temperature pathways for our existing funds
- Signed up to the Make My Money Matter campaign in February 2021 –
  - Aim to halve emissions earlier than the Paris Climate Agreement deadline of 2030
  - Commit to net zero emissions well ahead of 2050





# Climate strategy

- **Build on strong foundations –**
  - Consultation with advisors and investment managers
  - Trustee training including a review of the spectrum of capital
  - Development of Trustee beliefs
- **Climate policy published in March 2021**
- **ESG and climate change questions embedded in RFQ process for new manager appointments**
- **Initial implementation steps commenced in 2019 with launch of Smart Future Fund:**
  - Self-select option
  - Mirrors default fund with additional ESG screening criteria





# Climate actions

- **Equity**

- Commenced transition to LGIM Future World (FW) range in March 2020
- LGIM Climate Impact Pledge significantly broadened in 2020
- LGIM Ranked 'A' by Share Action Point Of No Returns

- **Alternatives**

- Committed allocation of up to 6% of the main default fund to Social Impact
- ESG 'ratchet' facility

- **Climate Action 100+ supporter**

- **Planning for adopting the Stewardship Code 2020 as part of initiative for better engagement with companies and collaboration on issues such as climate change**





## TCFD reporting

- Initial focus on:
  - Governance
  - Climate opportunities and risks
- Project plan developed and resources being identified/allocated
- Engagement commenced with asset managers

