SOUTH YORKSHIRE
PENSIONS AUTHORITY

Action Plan for Delivering the Net Zero Goal

March 2021

Contents

Introduction

"A journey of a thousand miles begins with a single step"

Chinese Proverb found in the Tao Te Ching written between the 4th and 6th Centuries BC

At their meeting on 30th September 2020 members agreed to include within the Authority's Responsible Investment Policy Framework a commitment to making its investment portfolios net zero in terms of carbon emissions by 2030. In doing this members requested that a plan for achieving this be brought back for consideration within six months. This document is that plan, which is the first step on SYPA's journey to net zero.

The goal which the Authority has set for itself is ambitious but that ambition is founded on the belief that institutions such as SYPA need to show leadership in order for the required change to be delivered with the overall degree of urgency required by the position in which the world finds itself. In that context this plan is simply the starting point. The climate challenge that the Authority wishes to address is urgent and in doing so we should not allow the perfect to be the enemy of the good, we need to make progress now so that we can begin the journey to net zero as quickly as possible.

This Action Plan has been developed using the Institutional Investors' Group on Climate Change (IIGCC) Net Zero Investment Framework. This recognises that there can be no "one size fits all" route to net zero, investors like SYPA need to focus on maximising efforts that achieve decarbonisation in the real economy. This requires a comprehensive investment strategy led approach supported by concrete targets (at portfolio and asset class level) combined with smart capital allocation and engagement and advocacy activity. Such a strategy led approach must not just deliver emissions reductions, but also increase investment in the climate solutions which we need to achieve net zero. This approach will reduce the exposure of SYPA's investment portfolios to climate risk while increasing their exposure to climate opportunity, thus providing greater long term protection for our scheme members' savings.

All of this does, of course, need to be seen in the context of our participation as one of 11 partner funds within the Border to Coast Pensions Partnership and we will need to work with and gain the co-operation of the other partners and the operating company in order to achieve our goal.

This first step highlights a number of significant gaps in our knowledge, although those gaps are common across the investment community; our plan is both to fill in those gaps as far as possible and take specific actions in parallel in order to make full use of the relatively short time available to us to achieve net zero. We already report in line with the requirements of the Task Force on Climate Related Financial Disclosure and each year in our Annual Report we will present our progress both in delivering this action plan and towards achieving net zero.

This plan will need to be developed further as we better understand our current position and we will do that as information becomes available.

Defining the Goal

Before putting in place a strategy to achieve the goal of net zero it is important to understand what we mean by it and importantly how it will be measured.

What we are seeking to achieve is that the net level of carbon emissions from the holdings in our investment portfolio equals zero. In itself this seems simple. However, there are a number of ways of defining carbon emissions and it is important that we understand which of these we are using so that we can pull the right levers in order to achieve our goal.

The accepted standard for defining (and measuring) carbon emissions has “3 scopes”.

Scope 1 emissions are direct emissions from company-owned and controlled resources. In other words, emissions released to the atmosphere as a direct result of a set of activities, at a firm level.

Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider. In other words, all GHG emissions released in the atmosphere, from the consumption of purchased electricity, steam, heat and cooling.

Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions. In other words, emissions that are linked to the company’s operations.

Companies reporting in line with the requirements of the Task Force on Climate Related Financial Disclosure Standard (TCFD) must report on Scope 1 and 2 whereas reporting on Scope 3 is voluntary and as will be clear from the definition incredibly hard to measure with the significant risk of double counting as between direct producer and indirect consumer organisations. However, the data reported by fund managers to the Authority makes no distinction as to these different types of emission, and while a restricted definition might make a 2030 goal easier this is not practical and would leave the Authority open to the accusation of avoiding the key issues in emissions reduction.

Therefore for the purpose of delivering the Authority’s Net Zero Goal the following definition will be used.

“The Authority’s goal is for the net carbon emissions from the totality of its investment portfolio to be zero by 2030.”

While concentrating on scope 1 and 2 emissions allows the Authority to set targets which are comprehensible and where data is likely to be available, this position will need to be kept under review as more data becomes available and the investment impacts of using specific measures becomes clear. Measurement and regulation are continually developing in this area and to a significant degree we are going to be trying to hit a moving target, particularly in the next few years when the pace of change in these areas is likely to be greatest.

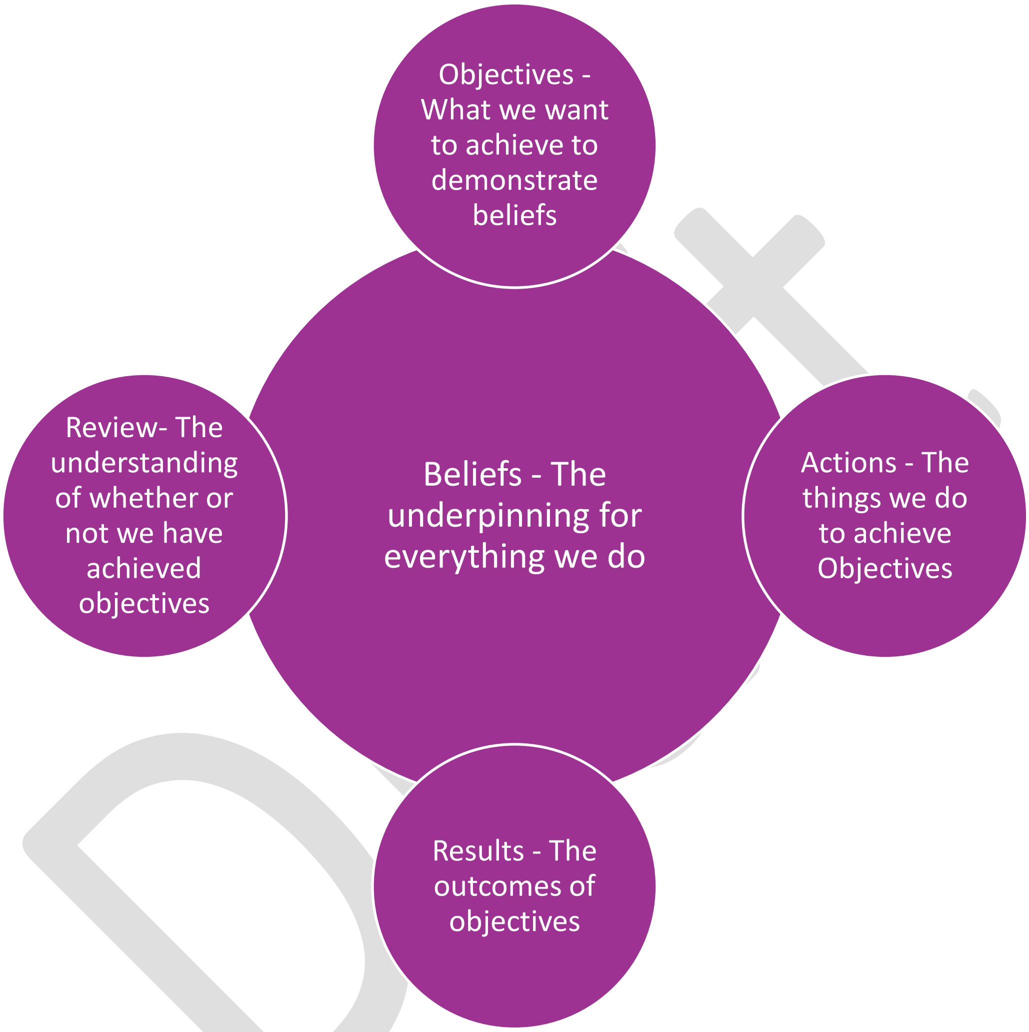
It is also the case that the measures identified within these definitions are of necessity backward looking and so thought will need to be given to adding a more forward looking element to the definition to ensure that investment opportunity is not lost in too great a focus on backward looking data.

In addition the Authority will separately seek to make the remainder of its operations carbon neutral over the same timescale with relevant actions included in future iterations of the corporate strategy.

Governance and Strategy

Getting the governance and strategy right mean that the organisation will retain focus on specific goals and will have decision making processes which are able to receive understand and react to information on progress to specific goals as it comes through.

This is illustrated as a cycle in the graphic below



Everything we do needs to start with beliefs, they provide the framework within which we develop objectives which lead to us taking actions which lead to results which we then review to see whether we have achieved our objectives, and so the cycle goes on.

In making any decisions in relation to any of the stages of this cycle it is important to remember that the Authority is required by the LGPS Investment Regulations to ensure that it has taken proper advice. In most cases this will be provided by a combination of officers and the independent investment advisers, but in this area there is likely to be a requirement at various points for additional specialist advice. Given the requirement to pool which is placed on LGPS funds there is also a need to ensure that Border to Coast are engaged with the Authority on this journey.

The specific actions required to give effect to the structure outlined above are set out in the table below:

Ref	Action	Responsibility	By When
SG 1	Agree Investment Beliefs Reflecting the Commitment to Net Zero	Authority	March 2021
SG 2	Revise Investment Strategy following 2022 Fund Valuation directly reflecting Net Zero Commitment, including further scenario and transition path analysis (to be repeated in each triennial strategy review).	Head of Investment Strategy	March 2023
SG 3	Review performance of all investments in the context of the Net Zero Commitment on a rolling basis.	Director	Ongoing commencing 2020/21 Annual Report
SG 4	Monitor the delivery of the Net Zero Commitment and the transition path on an annual basis	Director	Ongoing commencing 2020/21 Annual Report
SG 5	Create a forum to engage with Border to Coast to identify how they can assist and support the Authority on its Net Zero journey.	Director	April 2021

As things stand while we are aware of the level of emissions and carbon intensity of the Authority's equity portfolios (roughly 50% of investment assets) we have significantly less visibility in relation to the rest of the portfolio which includes a number of specifically carbon neutral or carbon positive investments. Thus we do not know the distance we have to travel in order to achieve the Net Zero Commitment, or whether our portfolio is on a pathway for net zero by 2030, 2050 or some other date. Hence in order to effectively deliver the items 3 and 4 above it is necessary to commission the data gathering work approved by the Authority in September 2020.

The investment strategy was last reviewed following the 2019 fund valuation and is in the process of being implemented. While it is not possible to quantify the impact in carbon terms the movements involved in the new strategic asset allocation are in a less carbon intensive direction, for example out of UK equities where the benchmark index is heavily weighted towards extractive industries, and into infrastructure which is heavily focussed on renewables. Given the need to complete implementation of this strategic review and for any review to address the level of liabilities which the Fund's investments need to meet any detailed strategy changes need to await the next scheduled review. However, as set out below work to address the carbon metrics of individual investment products and to exploit the investment opportunities offered by the move to a low carbon economy are things that can be done now ensuring that progress does not need to wait on the overall review of the strategy.

Setting Targets Objectives and Reporting

Measurement and reporting will be central to how we drive forward the changes that are required in order to achieve the net zero commitment. The detail of these will flow from some of the strategic work set out in the previous section and from the work mentioned elsewhere to establish a comprehensive baseline position which enables us to understand how far we have to travel to achieve net zero.

In simple terms what we are seeking to do is establish a set of steps to reduce carbon in each element of the portfolio over a given time. How this will be achieved for individual asset classes is the subject of the next section of this plan.

This section of the framework deals with the four outer circles in the diagram on page 5, which can be described as the "plan do review" cycle.

At this stage given that we do not know how far we have to travel setting targets at individual mandate or portfolio level is difficult. However, we need to be in a place to do that so that they can feed into the reviews of individual mandates and investment products as well as the overall review of the investment strategy. Again this emphasises the importance of the data gathering that is being commissioned to establish the baseline position for the whole portfolio.

In the interim we will need to accept that setting the path of emissions for portfolios where we have data on a downward trajectory will be the best we can achieve.

The other key consideration here is that we are not the only investor in the products in which we are invested and while in terms of the Border to Coast internally managed funds we can seek to influence we cannot dictate. Nor are we able to simply switch into a carbon neutral fund because the pool does not offer one, and to do so would require a fundamental change in the Authority's longstanding investment approach (either in terms of active v passive management, or in terms of internal management v much more expensive external management) which we do not believe is justified. These issues are dealt with in more detail in the next section of this document.

Setting targets alone is not enough. We need to be held accountable for our progress towards those targets, which means we need to report publicly on our progress towards the net zero goal and also on the specific steps we have taken towards that objective.

Ref	Action	Responsibility	By When
TR1	Following Investment Strategy Review identify interim targets leading to net zero	Director / Head of Investment Strategy	March 2023
TR2	Work with Border to Coast and other investors in relevant products to ensure mandates and performance objectives specifically reflect the Net Zero Commitment	Head of Investment Strategy	Ongoing commencing April 2021
TR 3	Conduct an annual review of progress towards Net Zero and make adjustments to either targets or implementation approach as necessary while continuing to meet return objectives	Head of Investment Strategy	Annually from April 2022

Asset Class Implementation

The products in which the Authority invests are all made up of very different sorts of asset which have different characteristics, therefore it is highly unlikely that one approach to implementing net zero will be applicable across such a wide range of assets ranging from farm land to private equity investments in tech start-ups, through traditional instruments such as shares and bonds.

This section of the document looks at each major asset class in turn and identifies an initial approach which reflects the need to focus on the real economy and the practical issues associated with operating within the context of pooling, where the Authority is not wholly in charge of its own destiny. All of this also needs to be set within the context of the Authority's broader beliefs about how to do investment.

Specifically the Authority believes in:

- Being an active investor – This means picking the best stocks to invest in using the skill of individual managers. However, our moderate risk appetite means that while we believe in active investment we invest in active products that maintain broad portfolios within a particular asset class and select the best companies in particular sectors as opposed to highly active products which would select both companies and sectors, and thus generate much more concentrated portfolios.
- Being a global investor – This means that we will be exposed to investment in emerging economies such as China and India where the stage of development means that economic growth is sometimes being driven by companies in industries such as cement which are high emitters.
- Managing money internally wherever possible – While we now invest through Border to Coast for listed assets we look to the company, where possible, to provide products using its own team rather than external managers. This makes changing products more difficult as a wholesale switch away from the current range of products could significantly undermine and destabilise this important aspect of what Border to Coast offers to its partner funds.
- Engagement over divestment or exclusion – The Authority has long operated on the basis that it seeks to influence companies through engagement, this is part of being rooted in the real economy. However, this is a position that is likely to be challenged in some areas by the setting of such an aggressive timescale for achieving net zero.

As we progress along the road to net zero (and further along the pooling journey more generally) these beliefs about how to do investment are all likely to be challenged in different ways and the Authority will need to at some point to consider whether it continues to support each of these propositions or whether it needs to take a different approach. However, in doing so it will need to consider not just the achievement of the net zero objective but its primary responsibility which is to ensure that the pension fund is able to meet its liabilities.

The other contextual factor to be considered before looking at the approach in each asset class is the fact that the Authority (like all other LGPS Administering Authorities) is part of a pool and needs to secure the co-operation of the other partner funds within Border to Coast in order to make progress where changes are required to investment products. While there is a broad consensus within the Partnership about the significance of climate risk there is, as yet, not a consensus over the means of addressing it, although there does appear to be movement towards the idea of targets. Clearly this will significantly influence the pace at which the Authority can move.

The following sections deal with each asset class in turn.

Listed Equities

The Authority's listed equity investments are managed against benchmark indices with a performance target of 1% over the benchmark and a core risk tolerance of a 3% tracking error. This latter tolerance limits the scale of "active bets" (i.e. the degree of divergence from the index) which the fund manager can take.

It is possible to make changes to the way in which these products are structured, and within the current limits for managers to make larger "active bets" but it is important to do so in a way which does not undermine a well-established and successful investment process, and lead to poor performance in products which have performed well historically and since the assets and the investment team were transferred to Border to Coast.

Border to Coast have begun exploring how these products could be developed to become more climate aware and this work will be brought to investors during 2021/22. This could involve changing the benchmark index to one that is more climate aware. However, this can have unintended consequences (such as the potential in the UK to increase tobacco exposure, or more generally an increase in exposure to banks) which is why further discussion with investors is required before implementing any changes. For the Emerging Market Fund the move to include a more concentrated China portfolio with external managers during the second quarter of 2021 will reduce carbon emissions in the portfolio as a first step. Importantly this change is being made to improve the overall management of the Fund and not for reasons associated with climate showing the balance of the different considerations which are part of the investment decision making process.

Any initial changes to these portfolio will be in place before the next investment strategy review and it will be possible to have a clear view of their impact to allow discussions to take place about whether further changes are required in order to achieve the targets which will have been set by that point. Changes beyond those currently being considered could include the exclusion of specific sectors from the investment universe and these are likely to be contentious with other investors, highlighting the tension between what might be seen as "virtue signalling" and the need to act within the context of the real economy to seek to redirect stores of capital to adapting to a low carbon future.

However, listed equities are the single largest asset class in which the Pension Fund is invested and in order to achieve SYPA's ultimate goal, on a straight line basis it will be necessary to reduce the contribution to aggregate emissions from these portfolios by at least 50% by 2025. This could be achieved in a number of ways depending on the outcomes of the review of the investment strategy following the 2022 valuation, and on the views of other investors in the funds.

An important feature of investment in listed equities is the voting rights which are conferred on asset owners. The way in which the Authority, through Border to Coast, chooses to exercise these voting rights has the potential to accelerate progress by companies towards net zero. The Border to Coast voting guidelines already say that votes will be cast against the reappointment of board members where companies are not making progress towards net zero as assessed by the Transition Pathway Initiative (TPI). Once this position has bedded in it will be appropriate to review its impact and consider whether a further strengthening of the voting position would be helpful in achieving the net zero goal.

The ability to exercise voting rights is supported by engagement with investee companies. Most engagement activity is undertaken by Robeco, acting for Border to Coast (the actual share owner in the pooled products). For the coming year two additional engagement themes around "acceleration to the Paris Agreement", and climate transition of the financial sector have been added to the Net Zero theme. Border to Coast are seeking to develop clearer tracking and reporting in this area. Successful engagement on these issues will, likely, hasten progress towards net zero, and engagement will need to remain a key tool in the armoury in order to ensure that companies in which the Authority is invested meet their commitments to reducing emissions.

Both the Authority and Border to Coast are also members / supporters of a number of investor bodies in the climate space such as the Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+. Involvement in groups such as these can be used to assist in tracking the progress of individual companies towards Paris alignment but can also be used to assist in influencing the development of standards in relation to data and measurement for adoption by investee companies.

While, should the current funding level be maintained, through the 2022 valuation it might be expected that there would be some further reduction in equity exposure the Fund will continue to be open to the building up of new liabilities which means that there will be a need to maintain a fairly significant proportion of growth assets within the portfolio. Thus equities will likely continue to be the single largest asset class and therefore the emissions performance of these portfolios will be crucial to the achievement of the net zero goal.

Fixed Income

These portfolio are handled by a mixture of internal and external managers within Border to Coast products, using a variety of performance targets against a benchmark index. The favoured investment styles within these products tend towards relatively low turnover approaches which seek the best credits to buy with little reference to the composition of the index.

Emissions data is less available within fixed income than in equity investment, although for corporate credits there is the ability to use the same underlying data for both types of investment. However many of the credits included in these portfolios are from sovereigns or multi-lateral institutions (such as the European Investment Bank) where the calculation of emissions data is much more difficult. While it is possible to engage with corporate bond issuers in the same way as for equities this is not possible for sovereigns and multi-lateral institutions so the ability to influence behaviour is not present in the same way.

Fund managers in this space do seek to engage with corporates and there is an increasing issuance of "green bonds" both by corporates and governments which will begin to form part of portfolios where they meet the wider investment criteria, although currently the scale of issuance means that the supply of such bonds is currently not always great enough to be investable while yields are slightly lower than the market as a whole making them less attractive as an investment. These are issues which will be resolved through market forces over time.

However, at this stage until data is available we are to a great degree "flying blind" therefore the immediate actions alongside encouraging managers to both engage more actively and consider "green bonds" where they are genuinely investable, are to gather relevant data so the baseline can be established which will allow a move to setting of targets although this will require the agreement of the other investors in the Border to Coast products.

Alternatives

While there are three asset classes within alternatives (Private Equity, Private Debt and Infrastructure) these will, at this stage, be considered together.

The key initial issue here is the lack of data, which is being addressed, to some extent, through work already commissioned by the Authority. However, we cannot manufacture data where it does not exist and to some extent we will be dependent on movement in market expectations driving fund managers to provide the data we need, including the implementation of some new legislation during 2021.

Regardless of the data issue though alternatives are the area where Net Zero provides the greatest opportunity. We already have significant investments in renewables and other investments which support the transition (such as electric trains replacing more polluting diesels), and the low carbon transition is a clear investment theme within these portfolios. This will over time result in a build-up of assets with positive characteristics.

Any investment portfolio of the scale of SYPA's alternatives portfolio is likely to contain some investments which could be regarded as "carbon negative". Given the "blind pool" nature of many of these funds this is almost inevitable. The work commissioned on data should allow at least some of these to be identified, and it will then be necessary to consider whether any action is appropriate. By their nature alternatives cannot just be bought and sold like listed equities and secondary sales very often result in a loss of value, so it is likely to be necessary to hold such investments to maturity, and acquire additional carbon positive investments to offset them.

Any investment portfolio needs to maintain a degree of diversification, even so it is possible to, and can be beneficial to emphasise one investment theme over others particularly where that theme is riding a significant trend in the real economy. This has been seen historically in tech focussed private equity funds for example. Therefore it would not be unreasonable to seek to emphasise low carbon or transition supportive investments within the alternatives portfolios. The question that arises is how to achieve this within the context of pooling. The Authority has made a small number of investments (in renewables and clean energy) outside of the Border to Coast framework but these have either been follow on investments or in listed alternatives vehicles (which will ultimately be pooled), and have been part of a process of bringing the portfolio closer to its strategic weight on an accelerated basis while maintaining an even deployment of funds through Border to Coast. However, the potential to do this going forward is likely to be limited as the Border to Coast products mature, and the ability to make complimentary non-pooled investments disappears. Therefore there will need to be discussions within the Partnership about portfolio structuring so that the potential for alternatives to strongly support a Net Zero goal can effectively be realised. There appear to be a number of ways in which this could be achieved and the most appropriate solution will need to be debated and agreed with Border to Coast partners.

Property

The property portfolio provides a number of opportunities in terms of the movement to Net Zero. Again there is a lack of comprehensive data, and there are some challenges in undertaking alterations such as the addition of solar panels where the cost needs to be recovered through service charges, particularly in the current economic climate.

The data that is available should allow us to identify the buildings representing the greatest issue for specific action, and to develop a potential programme of work with tenants over a number of years. It will be important to have this programme agreed and committed prior to any transfer of assets to the Border to Coast pooled product in order to “bake in” progress to Net Zero within this product at an early stage.

In terms of the agricultural portfolio the review recently conducted by the Authority requires the production of a specific plan to address climate issues as part of the overall approach to managing the portfolio.

The table below sets out the specific actions proposed in relation to each asset class.

Ref	Action	Responsibility	By When
AC1	Agree and implement changes to equity mandates following production of proposals by Border to Coast (subject to agreement by other investors).	Head of Investment Strategy	April 2022
AC2	Consider whether further changes are required to the structure of equity products in the light of the impact of the changes made under AC1	Head of Investment Strategy	By December 2024
AC3	Determine whether further strengthening of the voting guidelines in relation to the low carbon transition is necessary in light of the impact of the changes already made	Director	As part of Border to Coast Policy Review Dec 2021and then annually
AC4	Develop a more structured approach to reporting on the results of engagement in relation to climate issues and for the Authority’s involvement with investor coalitions on climate issues.	Director	Documented approach by March 2022 and then to be developed on an ongoing basis.
AC4	Consider the approach to Net Zero for Fixed Income Portfolios in light of the data for each product following the 2021 annual report.	Director & Head of Investment Strategy	Ongoing as part of each annual review of Border to Coast
AC5	Initiate a discussion with Border to Coast about the place of “green bonds” within the Fixed Income Portfolios	Director	As part of the Annual Review of Border to Coast
AC6	Identify through the work being carried out on data any particularly carbon negative alternative investments and consider whether any action is possible	Director	By December 2021 and then as part of the annual reporting process
AC7	Engage Border to Coast in discussion over the best means to achieve a positive bias to supporting the low carbon transition within the alternatives portfolios	Head of Investment Strategy	Ongoing from Sept 2021 leading in to Series 2

AC8	Work with Aberdeen Standard to identify and initiate a programme of improvements to the environmental performance of the commercial property portfolio	Director	December 2021
AC9	Work with Bidwells to identify a programme of further improvements to the environmental performance of the agricultural portfolio as identified in the portfolio review	Director	Plan in place by December 2021

Risks

Achieving net zero by 2030 is a very ambitious goal, and consequently there may be a greater degree of risk that the goal is not achieved than if a less ambitious goal had been adopted. That does not mean that the goal is wrong, simply that the risks are greater, and therefore it is important that we understand the risks so that we can identify actions which can mitigate against them.

The key risks identified are:

Unintended Consequences

Changing one aspect of the way in which we invest can result in unexpected results elsewhere. Thus, for example, adopting a more climate aware benchmark could reduce oil and gas exposure but increase tobacco exposure which could be seen as undesirable for other policy reasons. Similarly a focus on scope 1 and 2 emissions could result in an increased exposure to financial institutions, although they represent very significant different forms of investment risk within a portfolio.

Given this it is important, given that the Authority will wish to continue to invest in internally managed products with a broadly similar risk appetite, that changes affecting the structure of mandates and the investment process are thoroughly researched and debated before implementation which will also require the agreement of other investors.

Inability to Secure Agreement of Other Investors

This is perhaps the most significant risk to SYPA being able to make changes to the way in which money is invested so that net zero can be achieved. Effectively the pooling process means that other investors can block SYPA from achieving its objectives (although equally viewed through a different lens SYPA could be seen as moving others in a direction which is not in line with their objectives). Fundamentally this is a challenge of the pooling process, perhaps magnified by SYPA's commitment to internal management which makes it more difficult simply to change managers. The only mitigation is for all involved to maintain an open dialogue. However, ultimately it may not be possible to secure agreement to changes which are necessary to allow the achievement of SYPA's climate goal. In this case the Authority will need to determine an appropriate course of action within the context of pooling which allows it to meet its financial objectives. This may require the reconsideration of key aspects of the Authority's current investment beliefs, and the weighing of the relative importance of different factors against the achievement of the climate goal.

Data Gaps

As indicated throughout this document this is an area that is bedevilled by gaps and inconsistencies in data. While the Authority has taken action to address this it will on occasion have to act in the absence of data and almost always with limited data. This is to accept that in the initial stage of the process it is important to build a momentum behind measures moving in the desired direction allowing the development of measures and the achievement of comprehensive data to follow.

Transition Cost / Performance Erosion

This risk exists if the Authority decides to make changes in the products in which it is invested solely in order to achieve the net zero goal. It is unlikely that this will be the case. For example in the case of the Emerging Market Equity allocation a reduction in carbon metrics will occur as a result of the restructuring of the China allocation which is being done in order to improve the overall management of the Fund and make achieving its performance objective more likely.

Whenever changes are made to the way in which funds are managed some form of transition cost is incurred. The nature and scale of the change is what determines the scale of the cost. The key issue for SYPA will be to minimise the number of times changes need to be made. The ability to achieve this is constrained by the Authority's success in achieving agreement to a direction of travel with other investors in relevant products and is therefore linked to the previous risk.

In terms of performance the Authority needs at all times to ensure that the construction of its investment portfolio is designed to achieve the actuarial return target. This is always based on assumptions and estimates and will always be subject to market events. Clearly the Authority would not make changes to its investment mandates which were designed specifically to erode performance and any changes need to be made in the context of the overall objective of being able to meet the Fund's liabilities when they become due.

Conclusion

This Action Plan can only be the first step on the journey to Net Zero. The actions it contains will not, in themselves, be enough to achieve the 2030 goal. However, we must start to make progress and the specific steps outlined here will begin moving us towards the Goal while we gather the data which will allow us to make informed choices about the further steps that are necessary.

In this initial stage a stand-alone action plan like this is appropriate. However, in carrying out our next review of the investment strategy we must ensure that Net Zero becomes part of how we do investment rather than something separate which is overlaid on the strategy once it has been developed.