

The Church of England Pensions Board (CEPB), representing £3 billion AUM and supporting 41,000 pension scheme members, today published its first annual Stewardship Report. The Report outlines the Board's approach to responsible investment and how it seeks to drive real world impact through its leadership and collaborative approach on climate change and extractive industries. This is the first Pensions Board report in line with the new UK Stewardship Code.

Highlights in 2020 include:

- Engagement with 630 companies on climate change, indigenous community rights, mining safety, diversity and executive pay, amongst other issues.
- Launch of the FTSE-TPI Climate Transition Index, the first index to integrate assessments of a company's Paris Agreement climate targets. This led to the Board selling its holdings in Exxon and Chevron. By the end of 2020, the Board had c.£800m invested through the Index.
- Our weighted average carbon intensity is now 42.3% under the benchmark.
- Won two leading industry awards from the United Nations-backed Principles for Responsible Investment for the impact of the Board's engagement together with the Council of Ethics of the Swedish National Pension Funds on mining safety and for the development of the FTSE-TPI Climate Transition Index with FTSE Russell.
- Launched the first global standard on tailings dam safety backed by the UN and the International Council on Mining & Metals. This followed the 2019 Brumadinho tailings dam disaster in which 270 people died.
- Co-Led the European initiative to create the first Net Zero Investment Framework to provide a credible and transparent basis for investors to deliver on net zero targets. Voted on 39,049 resolutions at company AGMs, voted against management 17% of the time with 75% of votes cast against executive pay packages.
- Continued to lead the Transition Pathway Initiative (TPI) with the Environment Agency Pension Fund.

The Board also set out its future priorities:

- To build upon the launch the first Net Zero Investment Framework to seek global endorsement of it.
- Develop a 2030 vision for a reformed mining sector to address systemic challenges. We will work with global investors to develop the vision with input from companies and communities. This vision has the potential to address longstanding and difficult issues within the sector, which is a critical part of the future economy.
- Establish an independent Global Institute on Tailings Dams. Working in partnership with the UN and the Swedish National Pension Funds, we plan to establish a self-financing global institute to manage the implementation of the new Global Industry Standards on Tailings Management.
- Develop together with the other National Investing Bodies an ethical investment policy on Big Tech.
- Launch a new global standard on corporate climate lobbying. Working with Sweden's AP7 pension fund and France's BNP Paribas Asset Management, we will publish a global industry standard on corporate climate lobbying that identifies good practice of lobbying activities

undertaken by industry associations, and how they can lobby positively in support of the low-carbon transition.

- Continued development of the strategic asset allocation and risk framework to ensure return objectives are met without taking excessive investment risk.
- Evolve the work of the TPI to further support the climate transition.
- Through Climate Action 100+, the Board will lead a programme of work together with the Council on Ethics of the Swedish National Pension Funds and CalPERS (the largest US pension fund) to develop a framework to support companies making commitments and working through their value chains to implement them. This will include developing an accountability framework through the TPI that can track all the commitments from one company to the next.

Adam Matthews, Chief Responsible Investment Officer, commented on the launch of the report:

"We have demonstrated that our approach can drive real world change. As we move through this critical decade the Board has set two strategic stewardship priorities, covering issues that will impact our members and the world they will retire into: climate change and extractive industries. These issues are inextricably linked and require systemic changes in the way companies operate, pension funds invest and in how we steward our assets. We work in partnerships with others to achieve our objectives, leading major collaborations across the finance sector and intend to continue this approach."

Clive Mather, Chair of the Pensions Board commenting on the Board's approach to climate change said:

"The Church of England Pensions Board is determined to collaborate as effectively as possible with other funds and institutions. This puts us in the best position to serve the long-term interests of our members and stakeholders."

Click here to download and read a full version of the [Pensions Board Stewardship Report 2020](#).

Click here to download and read the [Pensions Board Annual Review 2020](#).

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