

# Sky Pension Plan

Climate Report for the year ending 30 June 2023 - Highlights

## What are 'carbon emissions' or 'Greenhouse Gas (GHG) emissions'?

Carbon emissions, measured in CO<sub>2</sub>e, is a unit that measures the carbon dioxide equivalent that may be released from human activity. Carbon dioxide (CO<sub>2</sub>) absorbs radiation and prevents heat from escaping from our atmosphere. Atmospheric CO<sub>2</sub> collects and stores heat, disrupting weather patterns, causing global temperatures to rise and other climate changes. Therefore the lower the CO<sub>2</sub>e, the lower the impact on the environment.

## 62,800 tonnes

The total CO<sub>2</sub>e reported for the three funds used in the Plan's default lifestyle strategy amounted to 62,800 tonnes.

## 38%

The Trustee has set a target for 50% of the portfolio holdings (for the funds being reported on) to be covered by the Science Based Target Initiative (SBTi)\* within a 5 year time frame (starting 31 March 2023). On a weighted average basis the proportion of the funds covered by the SBTi as at 31 March 2023 was 38%.

\* The SBTi is a partnership between CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) enabling companies to set science-based emissions reduction targets. The coverage by the SBTi gives an indication of how well positioned the Plan's investments are to achieve net zero.

## -7%

The potential growth over the next 20 years, for a typical member\* investing in the Plan's default lifestyle strategy, could be reduced by up to around 7% if no action\*\* is taken by policymakers and companies. That reduction could be limited to 4% if a "climate emergency" approach is taken – such an approach would mean more money being spent now on new technology aimed at a faster reduction in emissions.

\* Member assumed to be 20 years from retirement, with a current fund value of £50,000 and a salary of £55,000.

\*\* This assumes little climate action is taken in the short term, followed by sudden policy tightening as countries try to get on track to limit temperature rise to below 2 degrees.

Climate change continues to be an extreme challenge that requires significant worldwide co-operation and action. It presents us, as Trustee of the Plan, with important responsibility for identifying, assessing and managing the risks and opportunities arising from climate change and their potential impact on the security of members' pensions savings.

We have been actively engaging with these issues, and have produced this member summary to provide you with the key information from our first full Climate Change report which can be found [here](#)

## Investment changes

Members will know that last summer the Trustee made some significant changes to the investments in the Plan. These were carried out after the end of the reporting year for our climate report, but we can say that, had the new funds been in place during that year, the Plan would have been closer to the declared SBTi target, with the reported funds having 43% coverage. We will continue to measure and monitor our metrics and targets, and take climate risks into account in our investment decisions.