



**Helping millions enjoy  
a better retirement**

# Opportunities presented by a low carbon economy



nest

**Mark Fawcett**

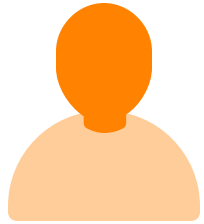
Chief Investment Officer

March 2020

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[nestpensions.org.uk](https://nestpensions.org.uk)

# Nest key statistics



**8.9mn**  
members



**790,000**  
employers

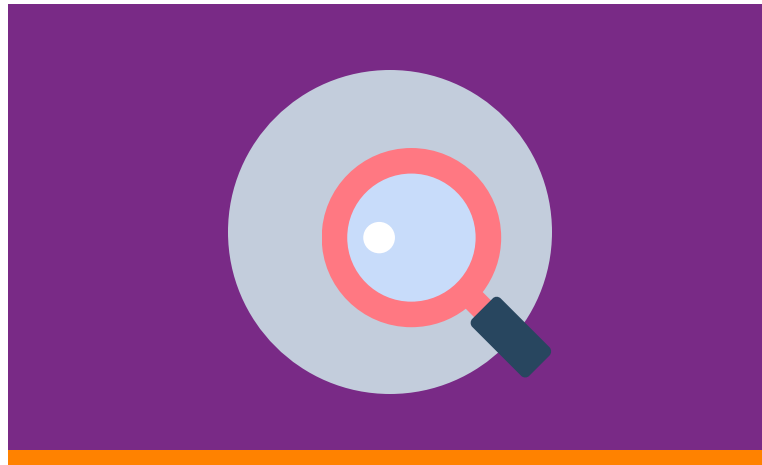


**circa £10bn**  
assets under management

Source: Nest in numbers as of 3<sup>rd</sup> March 2020.

# Understanding what members need

Our Responsible Investment approach is based on research, evidence and best practice from around the world



**Evidence and research**



**Insight**

# Better member outcomes

## Our Responsible Investment objectives:



**Better risk  
adjusted return**



**Better  
Functioning  
markets**



**Support  
long-term  
wealth creation**



**Manage  
reputational  
risks**

# Climate Aware Fund



# Weighs companies according to their progress



- › On track to meet the requirements of below 2 degree target?
- › Renewable energy or supporting technologies?




- › Reserves of coal, oil and gas?
- › Produce energy from coal?
- › What carbon emissions do they contribute to?

**Dial up or down  
investment in  
companies based  
on how they  
score against  
certain criteria**


# Engage to help companies adapt



Engagement with companies not adapting



Failure to adapt



Climate aware voting



# What have Nest's outcomes been?



Avoided carbon emissions equivalent to powering **11,1430 homes**



Avoided carbon emission equivalent to **26,572 tonnes of waste** going to landfill



Avoided carbon emissions equivalent to planting **76,262 trees**





# New asset classes – Private markets



**Private infrastructure debt**



**Real estate debt**



# Infrastructure Equity search

## Clean & Renewable Energy

**Diversified geographically**

(at least the major markets of Europe)

**Infrastructure assets exposed to clean & renewable energy sectors**

Generation, Networks  
Storage

**Limited energy price risk**

# What might the future hold for Responsible Investment?

# Responsible Investment Predictions in DC

Increasing focus on ESG issues in investment approach by trustees

Increasing emphasis on member engagement

More asset owner / asset manager partnerships – DC's needs and requirements are rapidly developing

Increased focus on data quality

A rise in thematic ESG investments - social impact investments, green bonds, SDG funds on the agenda



# Questions ?





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