

Media Release

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Paris Aligned Asset Owners group grows to USD 2.35 trillion with new additions from Australia and Europe

- Paris Aligned Asset Owners group grows to 40 investors with combined assets under management of USD 2.35 trillion
- New joiners to the initiative include HESTA – the first Australian signatory – as well as number of Danish pension funds, Railpen, Tesco Pension Investment and Elo Mutual Pension Insurance Company
- Investors commit to achieving net zero portfolio emissions by 2050 or sooner, engaging with this target in mind, and increasing investments in climate solutions
- Signatories join at the start of Climate Week NYC 2021, boosting membership of the [Race to Zero](#) campaign

12 new asset owners have joined the 28 existing signatories to the Paris Aligned Investment Initiative Net Zero Asset Owner Commitment, bringing the total signatories to the initiatives to 40. Among the new signatories include Australian industry superannuation fund HESTA, along with UK-based London Pensions Fund Authority, Railpen and Tesco Pension Investment, and European asset owners AP Pension, AP3, AP7, the Church Pension Fund, Elo Mutual Pension Insurance Company, Ilmarinen, Lægernes Pension and PenSam. Following these latest additions, the initiative now includes 40 asset owners, collectively responsible for more than USD 2.35 trillion in assets.

Investors signing up as Paris Aligned Asset Owners will be joining a collaborative investor-led global forum which supports investors in aligning their portfolios and activities with the goals of the Paris Agreement. They will be committing to decarbonise their portfolios by 2050 or sooner, increase investment in climate solutions and will need to set interim targets and undertake advocacy and engagement in line with net zero goals.

Stephanie Pfeifer, CEO, Institutional Investors Group on Climate Change, said: “As momentum grows approaching COP26 and the focus on climate-related issues intensifies, we are pleased to see more asset owner investors making net zero commitments. These commitments are incredibly important, and the first step on the path towards investors putting in place a net zero investment strategy. We look forward to working with these asset owners on their net zero strategies and would welcome other climate-conscious asset owners to consider becoming signatories to the Paris Aligned Asset Owners commitment.”

Asset owners will be using the Net Zero Investment Framework as a blueprint for aligning their portfolios with a 1.5°C net zero emissions future. The framework supports investors in developing a net zero investment strategy built around five core components: governance and strategy, objectives and targets, strategic asset allocation, asset class alignment, policy advocacy and investor engagement. The framework currently covers four asset classes (listed equity and corporate fixed income, real estate, sovereign bonds), and work is being

undertaken through the PAI to include new methodologies and approaches for assessing alignment and support the transition of infrastructure, private equity, hedge funds and derivatives.

Debby Blakey, CEO, HESTA said: *“We’re proud to join like-minded global investors committed to achieving net zero by 2050. Climate change represents one of the most significant challenges to the wellbeing of current and future generations. That’s why at HESTA we’re focussed on mitigating the risks of climate change across our portfolio and identifying opportunities as we transition to a low carbon economy. Our comprehensive Climate Change Transition Plan (CCTP) can help protect and enhance the long-term performance of our members’ investments, while driving meaningful change and contributing to a healthier planet and society. There is no doubt that the social, environmental and economic cost of inaction is going to be far greater than the cost of responding to climate change.”*

Sandra Metoyer, Head of Responsible Investments, AP Pension said: *“As a responsible investor it is essential that we incorporate considerations for climate-related risks and opportunities in our investment strategy. This benefits not only our clients that we invest on behalf of, but also supports a transition towards a low carbon economy. Our commitment to transition to a net zero portfolio by 2050 through IIGCC’s Paris Aligned Investment Initiative reflects the crucial role we believe investors collectively play in realizing the objectives of the Paris Agreement.”*

Juha Tuohimäki, Director, the Church Pension Fund said: *“Signing the Paris Aligned Net Zero Commitment will further strengthen our climate policy on an international level. We actively encourage our asset managers to make public net zero commitments, and need to demonstrate this path.”*

Hanna Hiidenpalo, CEO, Elo Mutual Pension Insurance Company said: *“Climate change is a major systematic risk for the global economy and investment environment. The magnitude of the impacts on the economy and humans depend on the degree to which the climate warms and on the success of the climate change mitigation and adaptation measures. As a pension investor managing significant investment assets, we have a vital role to play in the transition to a low-carbon society. IIGCC’s Paris Aligned Investment Initiative Framework was a helpful and practical toolkit when we were updating our climate strategy roadmap. Getting to net zero is much more than decarbonizing the investment portfolio; investors need to take a holistic approach, invest in climate solutions, and engage with the companies. We will continue our work in line with The Net Zero Investment Framework and would encourage other investors to do the same.”*

Karoliina Lindroos, Head of Responsible Investment, Ilmarinen Mutual Pension Insurance Company said: *“The Net Zero Investment Framework provides practical best practice guidance and a toolkit for putting climate commitments into practice, and helps us reach our goal of carbon neutral investments by 2035. Climate change represents a systematic risk to the long-term value of our investment portfolio, but on the other hand, investments required to transition to a low carbon economy offer investment opportunities in climate solutions.”*

Chresten Dengsøe, CEO, Lægernes Pension said: *“Successfully managing the transition to a low carbon economy is crucial to our members and the Paris Agreement has therefore*

been part of our investment policy since 2016. Becoming a signatory to the Paris Aligned Investment Initiative is a natural next step in achieving our goal of a net-zero portfolio by 2050 or sooner and we look forward to working with like-minded investors on decarbonizing our investments.”

Robert Branagh, CEO, London Pensions Fund Authority said: *“Climate change poses a material risk to society, business and so to our investments. As a responsible investor, it’s our duty to mitigate these risks. We’ve made significant progress decarbonizing our portfolio to date following the introduction of climate change policy in 2017. Working closely with our delegated asset manager, Local Pensions Partnerships Investments, we will be developing our net zero action plan over the coming 12 months.”*

John Chilman, Chief Executive, Railpen, said: *“As one of the largest UK funds, Railpen takes great pride in driving climate activism in the pensions space. Our net zero commitments are tangible, clearly defined and integral to delivering on our purpose of securing our members future. Meeting our target will be achieved primarily through emissions reductions, portfolio net zero alignment tracking and reporting, strong governance practices, purposeful stewardship and thoughtful policy interventions, in line with Railpen’s long-standing expertise and heritage.”*

Ruston Smith, Trustee Chair, Tesco PLC Pension Scheme said: *“Climate change is a serious, and urgent, concern which represents both a financial risk and opportunity for pension schemes. The Tesco PLC Pension Scheme’s aim for its portfolio of assets to be net zero by no later than 2050 will, we believe, play an important role in managing that risk and opportunity for the Scheme. The Net Zero Investment Framework will help the Scheme to contribute to this. Becoming a signatory to the Paris Aligned Investment Initiative, Net Zero Asset Owner Commitment, is a clear indication of our aim to address this risk and opportunity, including through the investment in sustainable businesses to support a greener world.”*

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About the Paris Aligned Investment Initiative

The Paris Aligned Investment Initiative (PAII) was established in May 2019 by the Institutional Investors Group on Climate Change (IIGCC). As of March 2021, the initiative has grown into a global collaboration supported by four regional investor networks – AIGCC (Asia), Ceres (North America), IIGCC (Europe) and IGCC (Australasia). 128 investors representing USD 34 trillion in assets have engaged in the development of the Net Zero Investment Framework through the Paris Aligned Investment Initiative.

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