

United Utilities Pension Scheme

Environmental, Social and Governance Issues: Our Policy



Introduction

The Trustees believe that the Scheme and its investments should be managed responsibly. Our Environmental, Social and Governance (ESG) Policy sets out how we consider these issues, and the Policy is summarised here.

Our beliefs

ESG factors can affect the **returns** on our investments and the **risks** the Scheme is exposed to. These factors should therefore be taken into account in how we operate, including within our investment approach.

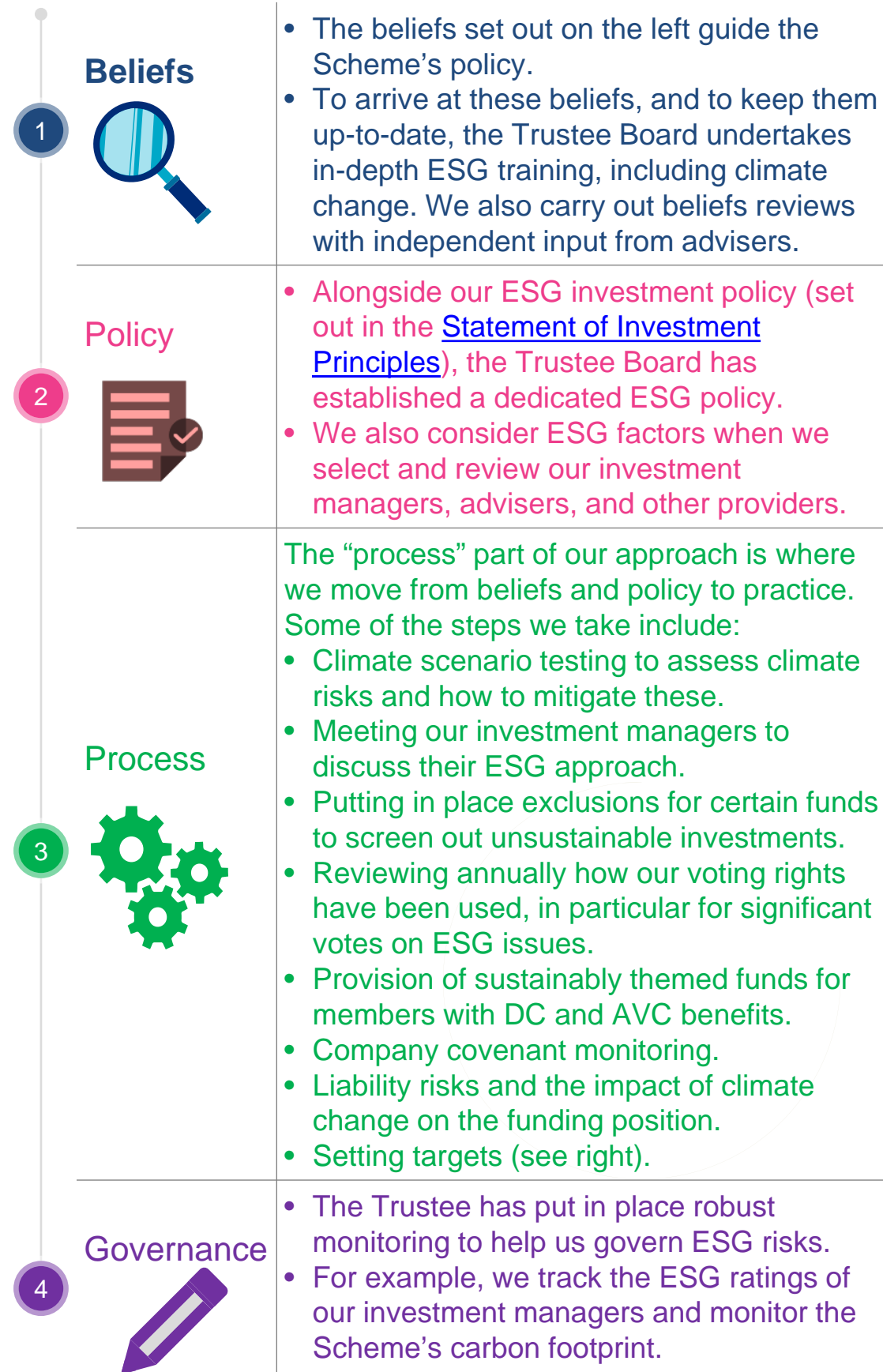
Being good stewards of the investments can help to create and preserve value for companies we invest in, and for financial markets as a whole - hence having the potential to **benefit our members** in the long run.

Climate change poses a key risk, and so the Trustee will consider the potential financial impacts of both the transition to a low-carbon economy and the physical effect of different possible climate outcomes.

ESG factors will affect **more than just the Scheme's investments**. As such, the Trustee views ESG factors through a broader lens, including investment, funding, and sponsor covenant considerations.

Our Approach

The Trustee Board embeds ESG considerations within Scheme management through a four pillar approach summarised below.



Climate Change

We believe that limiting global average temperature increases this century to well below 2°C, as per the 2015 Paris Agreement, is aligned with good outcomes for the Scheme.

Climate change is expected to cause physical damage, and also carries risks (and opportunities) associated with the transition to a low-carbon economy.

Our approach to managing & mitigating climate-related risks and opportunities is consistent with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, and we look forward to publishing our first Climate Change report under the TCFD framework later this year.

Net Zero

In 2022, the Trustee committed to aim for the Scheme's investments to have net zero carbon emissions by no later than 2050

Want to find out more?

Key Resources

The pensions website: unitedutilities.com/pensions contains lots of useful references, including:

The [Statement of Investment Principles](#) (this sets out all of our investment policies – Section 11 documents our Responsible Investment Policy).

Our [Implementation Statement](#) (this annual statement confirms how we have implemented our policy, and includes voting records for the investments where we hold voting rights).

For DC members, you can view your investment fund options, including sustainable funds, at <https://lwp.aegon.co.uk/targetplanUI/login>