



Environment  
Agency



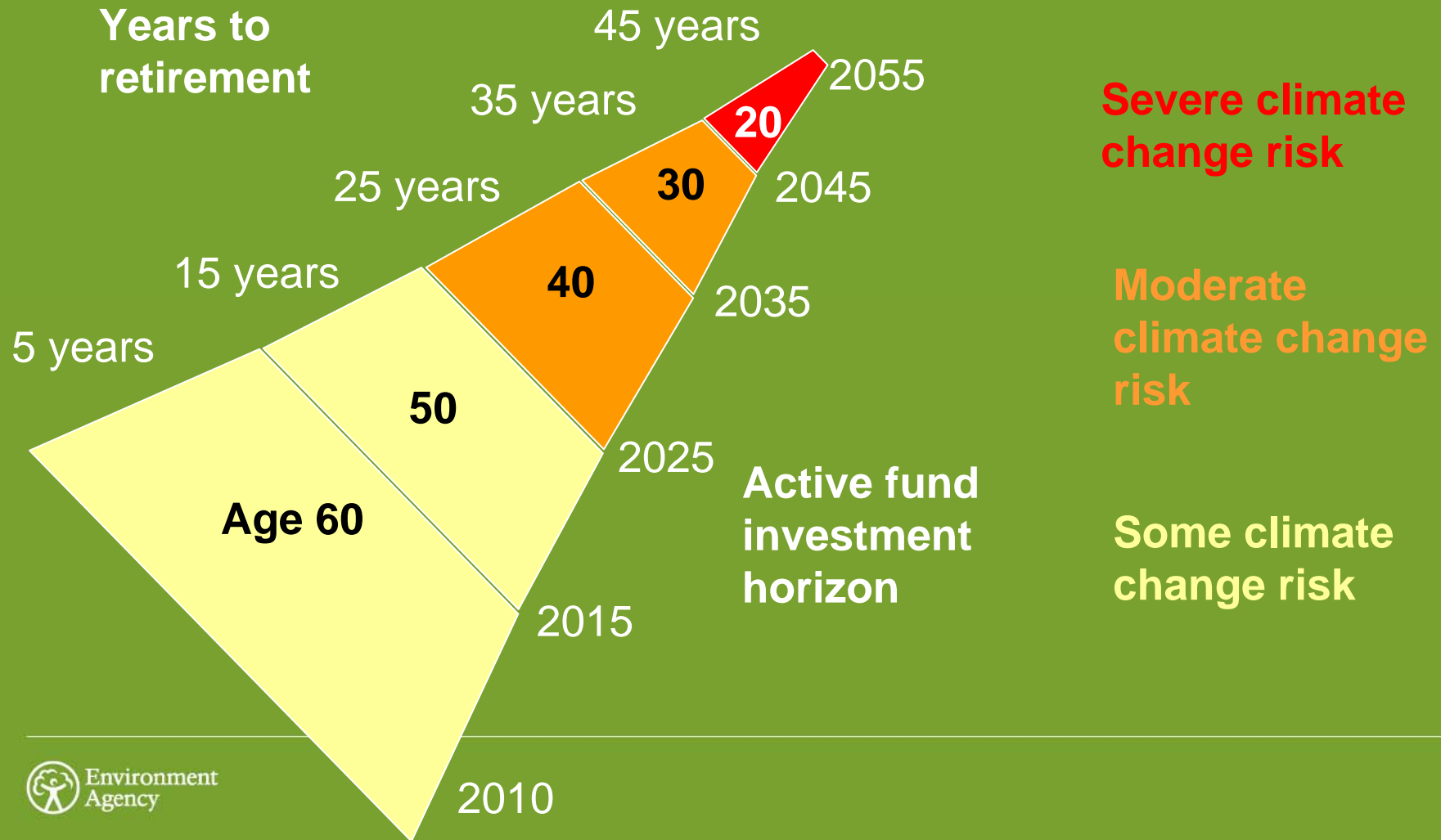
# The Environment Agency Pension Fund and Climate Change

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# Our pension fund

- ➔ £1.7bn assets belong to 22,000 members
- ➔ Current liabilities 94% funded – still need strong investment returns
- ➔ Liabilities rising and fund will pay benefits for at least 100 years
- ➔ Current asset allocation 63% public equity, 27% fixed interest, 5% private equity and 5% property

# Our fund members retirement and climate change



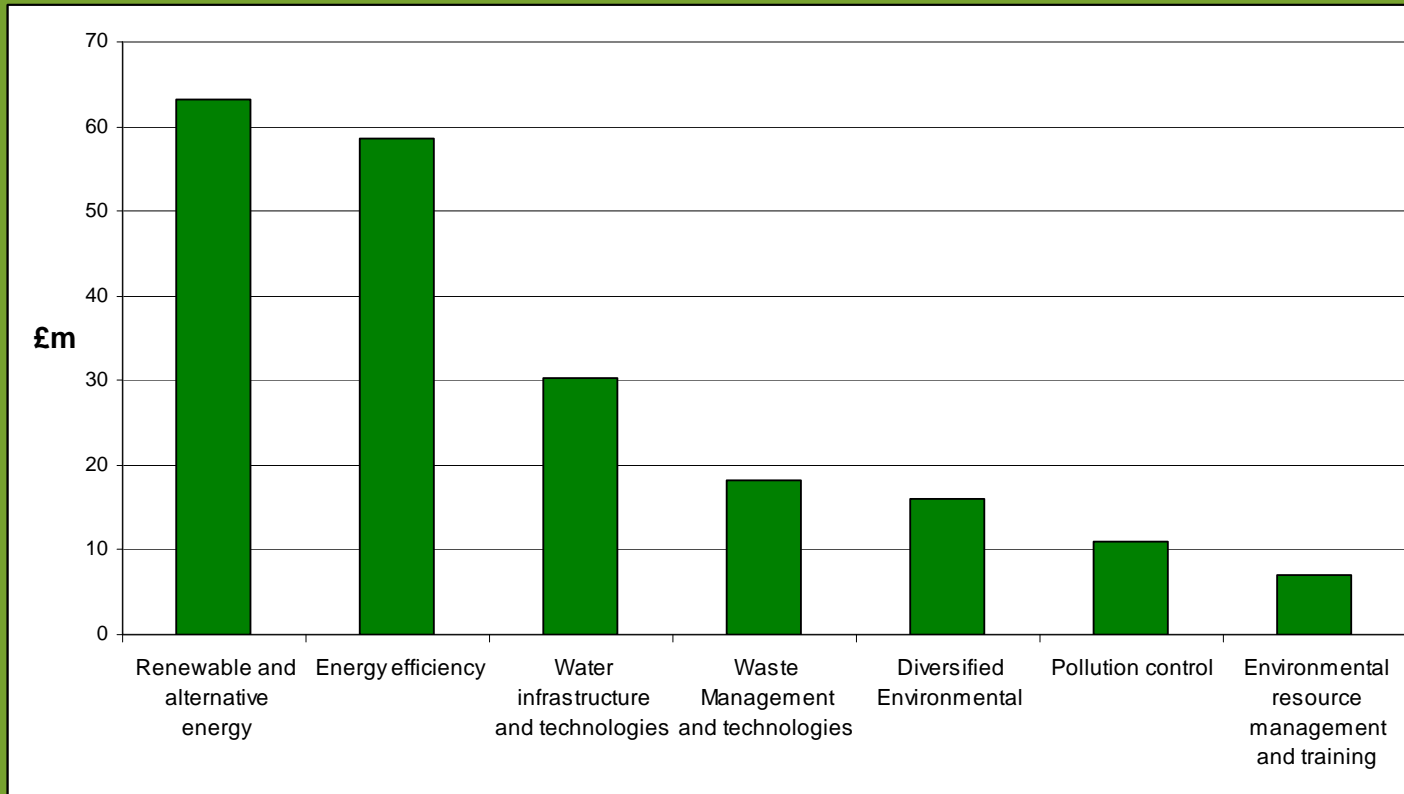
# Our investment philosophy

- ⇒ Climate change is financially material risk and opportunity. We have fiduciary duty to take it into account in investment strategy decisions
- ⇒ Current investment strategy (2005-2010) has an environmental overlay strategy that includes climate change
- ⇒ New investment strategy (2011-2015) under development

# Current asset allocation and climate change

- ➔ In 2002 around 2% (£20m) invested in “green” fund
- ➔ In 2010 around 13% (£205m) invested in the environmental sector seeking alpha

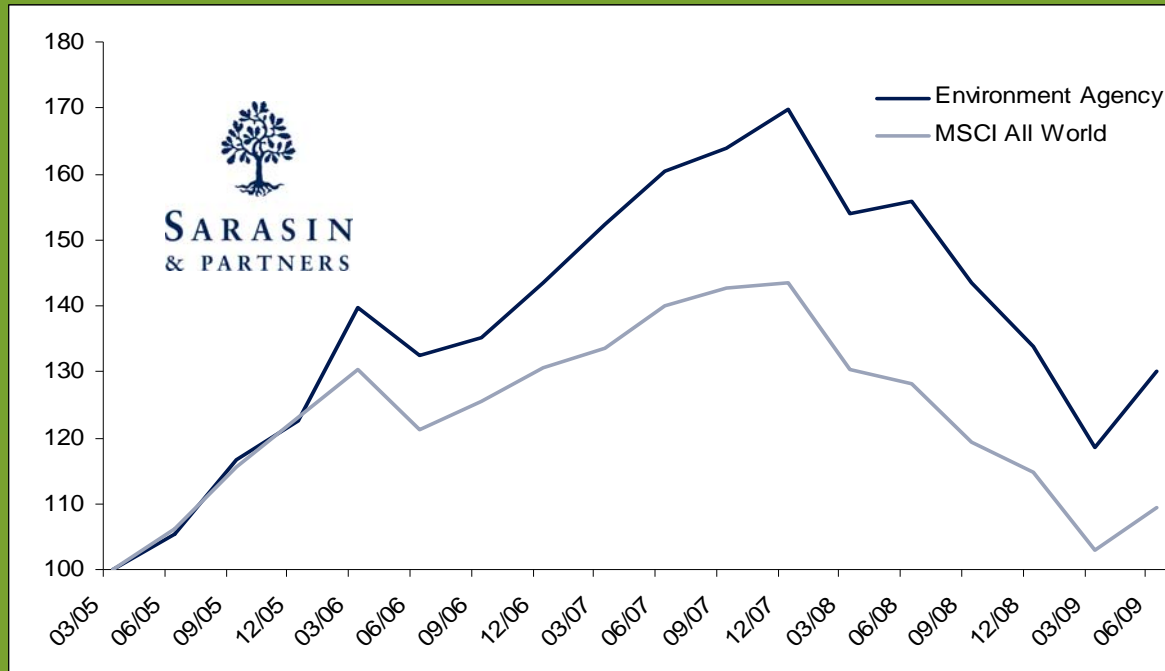
# Positive environmental impact - public and private equity



**£205m  
invested  
across  
our  
portfolio**

As at 31 March 2010

# Result so far for active equities



➔ Sarasin

Partners

(£100m)

+20.2%\*

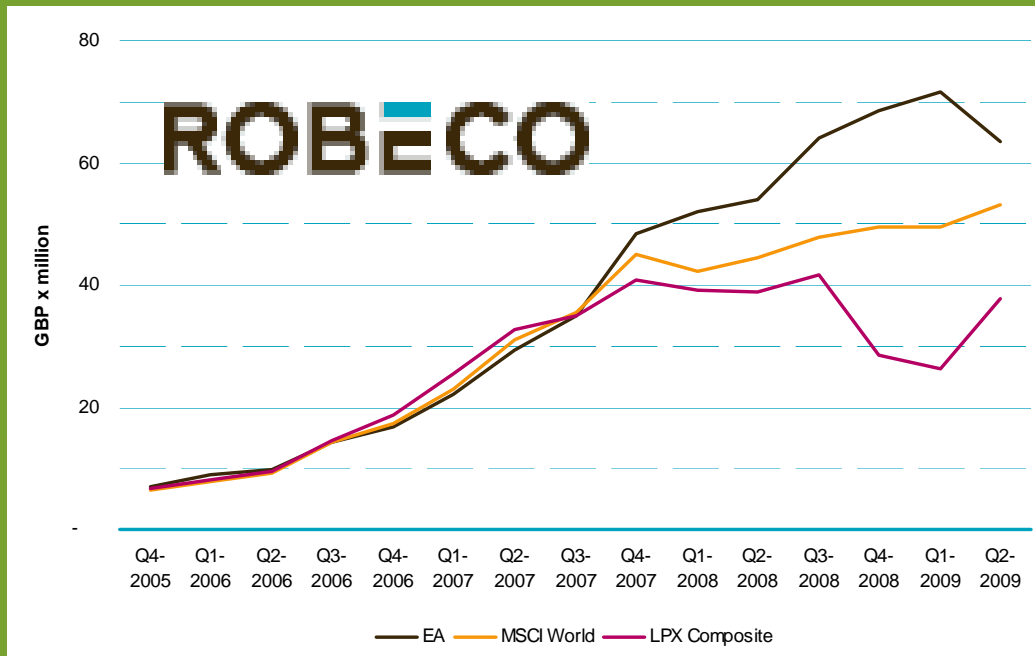
rolling 5 years to

31<sup>st</sup> March 2010

➔ Generation Investment Management (£75m) +17.38 %\* since inception with Environment Agency

\* source: manager reports

# Clean tech mandates



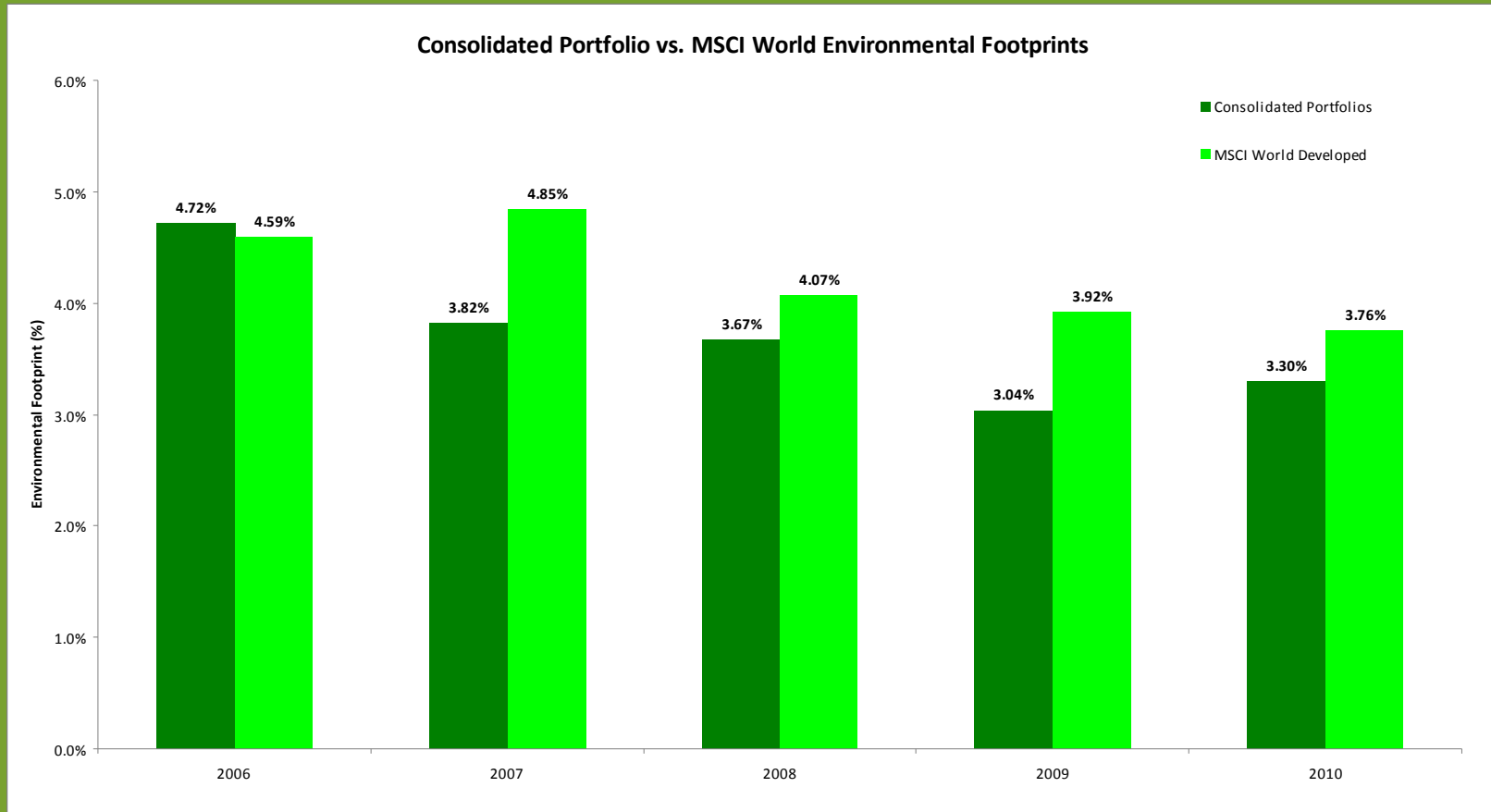
£80m private equity with Robeco on track



Impax Environmental Markets Fund +25.5% (MSCI AC World)

5 year performance for the NAV on Impax Environmental Markets plc

# Measure environmental risk



## Reducing environmental and carbon footprint

# Future asset allocation and climate change

- ➔ Future – already said by 2015 around 25% of our fund will be positively invested in funds that are contributing to a greener economy.
- ➔ The Mercer report will help us develop climate risk sensitive asset allocation – our Committee to discuss next week

# Long term low carbon investment themes

- ➔ Clean tech and bio-technology
- ➔ Environmental advice and consultancy
- ➔ Renewable energy and energy efficiency
- ➔ Materials recovery and recycling
- ➔ Water treatment and conservation
- ➔ Eco-agriculture and eco-system services
- ➔ Sustainable forestry and eco-construction
- ➔ Public infra-structure and mass transportation

# Questions and Answers

Further information

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