

Church of England Pensions Board selects FTSE TPI Climate Transition Index for £600 million mandate

- FTSE TPI Climate Transition Index Series created in collaboration with The Church of England Pensions Board and the Transition Pathway Initiative (TPI)
- First global index that enables passive funds to capture company alignment with climate transition, based on TPI analysis
- Index combines FTSE Russell and TPI analysis on company exposure to five climate considerations: green revenues, fossil fuel reserves, carbon emissions, management quality and carbon performance assessments
- The Church of England Pensions Board allocates £600 million mandate tracking the index

FTSE Russell, the global index, data and analytics provider, has created the FTSE Developed ex-Korea TPI Climate Transition Index in collaboration with The Church of England Pensions Board and the Transition Pathway Initiative (TPI). The first in FTSE Russell's new generation of climate indexes - the FTSE TPI Climate Transition Index Series – provides investors with benchmarks informed by cutting edge research and analysis to align a broad equity portfolio with climate transition and the goals of the Paris Agreement.

The Church of England Pension Board will be allocating a £600 million mandate tracking the index, supporting the Pension Board's objective of aligning its fund with the goals of the Paris Agreement. TPI is led by the Church of England's National Investing Bodies and the Environment Agency Pension Fund, in partnership with the Grantham Research Institute at the London School of Economics and with FTSE Russell. It is backed by 60 asset owners globally with over \$18 trillion in combined assets under management and advice.

Waqas Samad, CEO, FTSE Russell and Group Director of Information Services, London Stock Exchange Group said:

"We are delighted to launch the FTSE TPI Climate Transition Index alongside The Church of England Pensions Board and the Transition Pathway Initiative. This unique collaboration has enabled FTSE Russell to create a new index to support investors seeking greater alignment to the goals of the Paris Agreement and gain exposure to the opportunities that companies can generate from the transition to a low carbon economy. It is the latest innovation in FTSE Russell's diverse range of climate indexes, developed in line with evolving client needs. We remain committed to supporting our clients and understanding investors' perspective in incorporating sustainable investment approaches into their strategies."



Adam Matthews, Co-Chair of the Initiative and Director of Ethics and Engagement for the Church of England Pensions Board, said

“Last month Governor Mark Carney challenged people to ask what their pension funds are doing to address the financial risks of climate change. Working over the past 18 months we have developed an answer that enables passive investors to play their part in supporting the Goals of the Paris Climate Agreement. The message is clear to all publicly listed companies: put in place targets and strategies aligned to Paris and be rewarded with inclusion in the Index or work against the long term of interests of beneficiaries and wider society and be excluded.

“The Church of England Pensions Board will no longer be invested in several household names in the oil industry. The Index leaves open a path for any one of these excluded companies to transition in line with the Paris Agreement and claim their place in the index at a later date.”

The design principles of the index incorporate five separate sustainable investment data inputs from the TPI core assessments and FTSE Russell’s climate framework:

- **Fossil fuel reserves:** Underweight companies with fossil fuel reserves
- **Carbon emissions:** Over/underweight companies according to their greenhouse gas emissions whilst applying sector neutrality
- **Green revenues:** Overweight companies generating revenues from the global green economy
- **Management quality:** Over/underweight companies based on the extent to which they are managing the risks and opportunities related to the low-carbon transition and how they are addressing key aspects of the Taskforce on Climate-related Financial Disclosures (TCFD)
- **Carbon performance:** Over/underweight companies according to the extent to which they are committed to carbon emissions pathways that are aligned with 2°C /1.5°C warming scenarios

The FTSE TPI Climate Transition Index provides increased exposure to the opportunities arising from the global green economy, with overweights based on FTSE Russell’s Green Revenues dataset. The incorporation of TPI’s core assessments on management quality provides the Index with a forward-looking capability, assessing companies on their plans for transition to a low carbon economy. The Index also encourages engagement between investors and companies, incorporating a tool that can signal 2°C transition progress and performance to constituent companies. The index caters to the growing investor demand for more sophisticated implementation approaches to climate change whilst also meeting existing needs for portfolios with significantly lower carbon emissions (-40%) and fossil fuel reserves (-70%) exposures versus capitalisation weighted benchmarks.

Further information can be found online at FTSE Russell’s [FTSE TPI Climate Transition Index](#) page.

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Press Release



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Notes to editors:

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