

IBM PENSIONS TRUST

IBM Pension Plan (DC section)

Environmental, Social and Governance (ESG) – Highlights
Year Ended 31 December 2023

Why take action?

The potential growth over the next 27 years, for a member invested in the default Lifecycle Balanced 2020, could be reduced by 25% if 'no action' was taken.

▼ 25%

What is meant by 'no action'? This assumes little climate action is taken in the short term, followed by sudden unanticipated tightening as countries rush to get on track to limit temperature rise to below 2°C.



Trustee Target



The Trustee is aiming to reduce portfolio carbon intensity by 20% over the 3 years from 31 December 2021. Carbon intensity measures the portfolio's exposure to carbon-intensive companies based on their weightings in the portfolio. Further details on the target are set out in the Plan's Climate Change-related Disclosures report.








Progress against Target

▼ 58% Carbon intensity reduction of the DC Section 'popular arrangements' since 31 December 2021.

The Trustee is pleased to demonstrate the significant progress made over the year and towards its target in reducing carbon intensity within the Plan's investment portfolio. Whilst the Trustee's target has been met, the Trustee will look to analyse further the contributors to the carbon intensity reduction and expects there to be fluctuations over the short-term.

The Trustee is committed to continuing on its climate journey beyond the current Trustee target, building on the momentum and progress achieved over 2023.

Key Actions in 2023

-  Broadly, there has been improvement in the carbon emissions metrics of the DC assets.
-  Scope 3 emissions data has been reported for the Plan's DC assets, where available.
-  Improvements in climate commitments of investee companies approved by Science Based Targets initiative (SBTi).
-  Development of an energy efficiency and diversity, equity and inclusion (DEI) framework to monitor and better understand investment managers' approach in these areas and align with the Trustee's key priorities. This follows greater focus on these areas in the 2023 Stewardship Assessment.
-  IBM Pensions Trust continued to engage with the Plan's investment managers on an ongoing basis.

Actions for 2024

-  **Stewardship:** Engaging with investment managers on carbon intensive holdings, voting and engagement activity.
-  **Risks:** Annual review of ESG beliefs, risk register and Plan governing documentation.
-  **Climate Analysis:** Climate change risks and opportunities considered as part of strategic reviews.
-  **Training:** Ensuring the Trustee is well equipped with sufficient knowledge of developments around climate change risk and regulatory changes.
-  **Data:** The Trustee expects the availability and quality of data to increase over time and is working with its investment managers on improved reporting over time. The Trustee will also look to consider further attribution analysis to understand the drivers to the change in their reported metrics.

Greenhouse Gas Emissions

The Plan is invested in companies that generate greenhouse gas emissions of approximately:

182,000 tons CO₂e

The Trustee aims to reduce this figure.

Total emissions quoted is scope 1 & 2 emissions and includes DC Section 'popular arrangement' assets where carbon emissions data is available from the investment managers as at 31 December 2023.

Emissions in the real world

Since 31 December 2021, there has been a reduction in total carbon emissions for the Plan's total DC corporate assets (where data is available) of approximately 96,000 tons CO₂e, under scope 1 & 2 emissions.

This is broadly equivalent to removing from the road:

38,000



Based on average car mileage of 9,000 per year and 280g CO₂ per mile for a medium sized car.

Source: <https://www.carbonindependent.org/17.html>

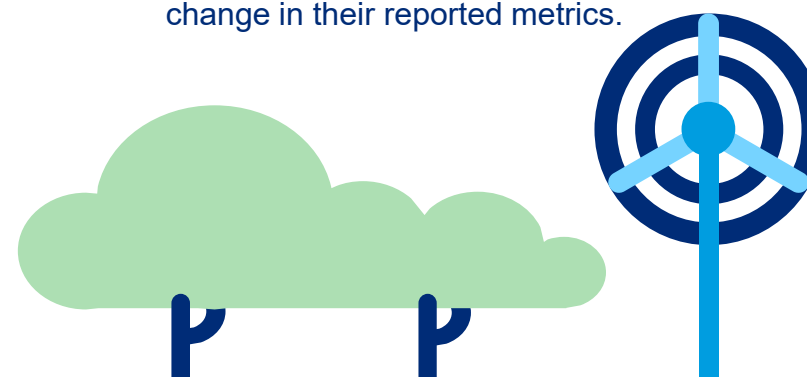
Trustee Beliefs

ESG factors, including climate change, can impact the performance of the Plan's investments over the medium to long-term.

Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends, presents risks and opportunities which require explicit consideration.

Stewardship can add value to the Plan's assets in the long term and the Trustee will therefore seek to appoint managers who demonstrate strong engagement credentials.

The Trustee reflects the above beliefs within its investment strategy considerations.



Hover over highlighted items to see more information