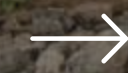


# NET ZERO PLAN 2025

RAILPEN







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## About Railpen

Railpen is responsible for the safekeeping and investment of around £34 billion in assets for the 350,000 members of the railways pension schemes, one of the UK’s largest and longest established pension funds. Our purpose is to secure our members’ future.

Railpen is a wholly-owned subsidiary of the Railways Pension Trustee Company Limited (‘the Trustee’), whose mission is to pay the pensions of its members securely, affordably and sustainably.

## About this document

This document communicates Railpen’s plan to manage our investment portfolio in line with achieving net-zero emissions by 2050 or sooner. The plan covers both our investment portfolio and the emissions associated with our corporate footprint. This plan re-affirms our commitment to Paris Aligned Asset Owners<sup>1</sup>.

This commitment is consistent with the goals of the Paris Agreement, and the legislated aims of the UK government. Our Net Zero Plan is implemented with the expectation that governments and policymakers will deliver on commitments to achieve the goals of the Paris Agreement.

We have drawn on the Net Zero Investment Framework<sup>2</sup> in order to produce our Net Zero Plan. We believe this plan is a credible, action-oriented strategy for achieving the required rate of decarbonisation, not just by transferring emissions from our balance sheet to someone else’s, but by achieving changes in the real economy.

<sup>1</sup> The commitment statement is in [Appendix A](#)

<sup>2</sup> [Net Zero Investment Framework](#)





# EXECUTIVE SUMMARY

Railpen is committed to tackling the risks and opportunities of climate change. Following our original net zero commitment in 2021, this Net Zero Plan:



Re-affirms our commitment to managing our investment portfolio in line with achieving net zero emissions by 2050 or sooner



Highlights how we must make and enable allocations to the high-quality climate solutions required in the transition



Re-affirms our commitment to Paris Aligned Asset Owners



Aims to increase portfolio alignment and decarbonise both our investment portfolio and our own operations



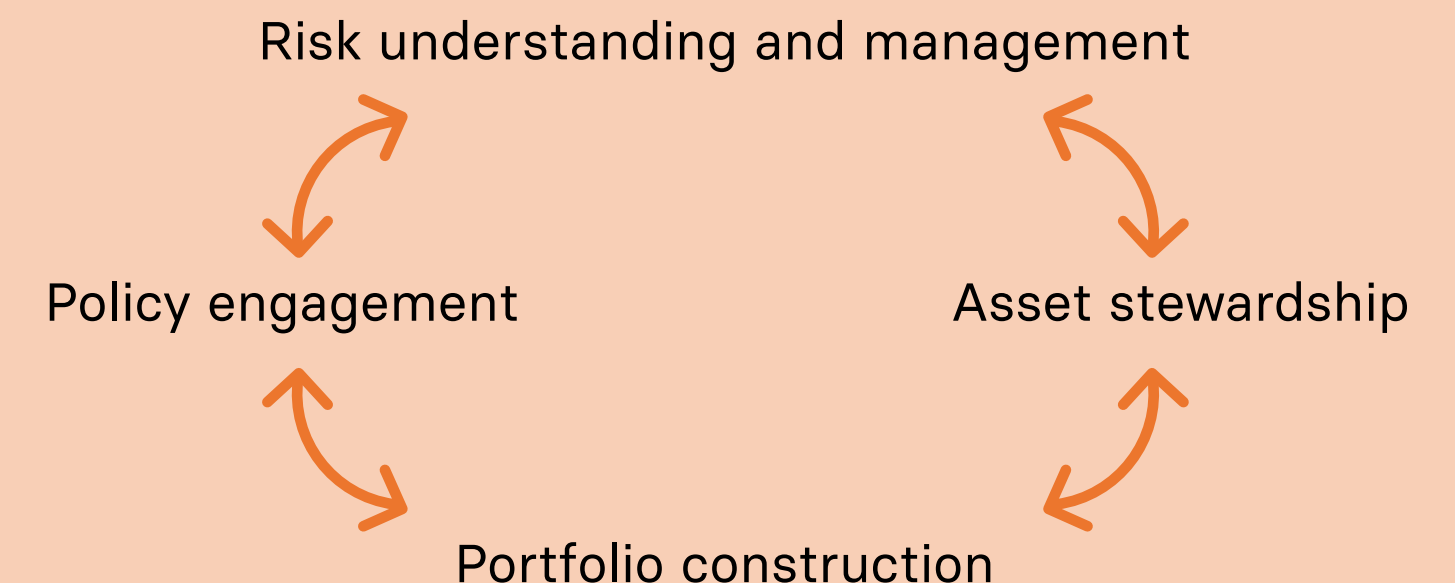
Prioritises effective risk management, policy engagement and asset stewardship

We must confront – and help change course on – climate change. This is our commitment and plan to do that, and truly deliver for our members.

## Key topics

Climate policy advocacy | Nature | Adaption and resilience  
Just transition | Primary capital allocation | Own operations

## Aims & actions



## Foundations

**Investment belief:** Acting upon climate risk is a significant driver of investment outcome and part of our fiduciary duty

**Our purpose:** To secure our members' future





# FOUNDATIONS OF OUR NET ZERO PLAN

## Railpen's purpose is to secure our members' future.

We take a holistic view, focusing on how we serve members today and how we can positively impact the communities and world they will retire into.

We recognise the critical importance of tackling climate change, alongside other systemic sustainability challenges such as nature loss. Whilst presenting some opportunities, these challenges pose major financial risks to our investments. They also present systemic risks to the effective functioning of the economic and social systems that we all rely on. Put simply, we must confront – and help change course on – climate change, to secure our members' future.

Our approach to managing the risks and opportunities of climate change is rooted in the Trustee and Railpen's shared investment belief:

Incorporating and acting upon climate risk and other environmental, social and governance factors is a significant driver of investment outcome and part of our fiduciary duty.

In addition, we believe that:

"A long investment horizon exposes a pension scheme to societal and systemic risks, such as climate change. These risks are growing and need to be managed. Capital allocation by investors and corporates makes a difference in how these risks play out. **Railpen has a responsibility to make a scheme's assets resilient to systemic threats and position portfolios for long-term opportunities.** We believe it is possible and necessary to deliver the returns the schemes need, whilst positively contributing to the world our members retire into."

This document:

- **Re-affirms our commitment to managing our investment portfolio in line with achieving net-zero emissions by 2050 or sooner**
- **Builds on Railpen's previous Net Zero Plan<sup>3</sup>**
- **Re-affirms our commitment to Paris Aligned Asset Owners<sup>4</sup>**

Our strategic approach to climate change is centred on effective risk management and opportunity identification. Our approach is engagement-led, recognises the critical importance of an enabling policy environment, and looks to apply a systems perspective given our position as a universal owner of assets. **Effective risk management and engagement form our Net Zero Plan priorities.**

In addition, we know that significant capital flows to climate solutions are a critical part of achieving the transition to a net zero and resilient future. **We have a role both to make and enable allocations to the high quality climate solutions required.**

Neither portfolio alignment measures nor financed emissions represent accurate assessments of climate risk or opportunity. Therefore, we will not prioritise these as inputs into capital allocation decisions. However, we should see progress on our alignment and emissions aims if we are successful in our climate risk management, engagement, and solutions activities.

## The structure of this plan is built around:



The aims Railpen has and the accompanying actions we intend to take



How those are applied across our investment portfolio



Which topics and themes are of critical importance and focus

<sup>3</sup> [Net Zero Report](#)

<sup>4</sup> See [Appendix A](#) for further details



# OUR PROGRESS SO FAR

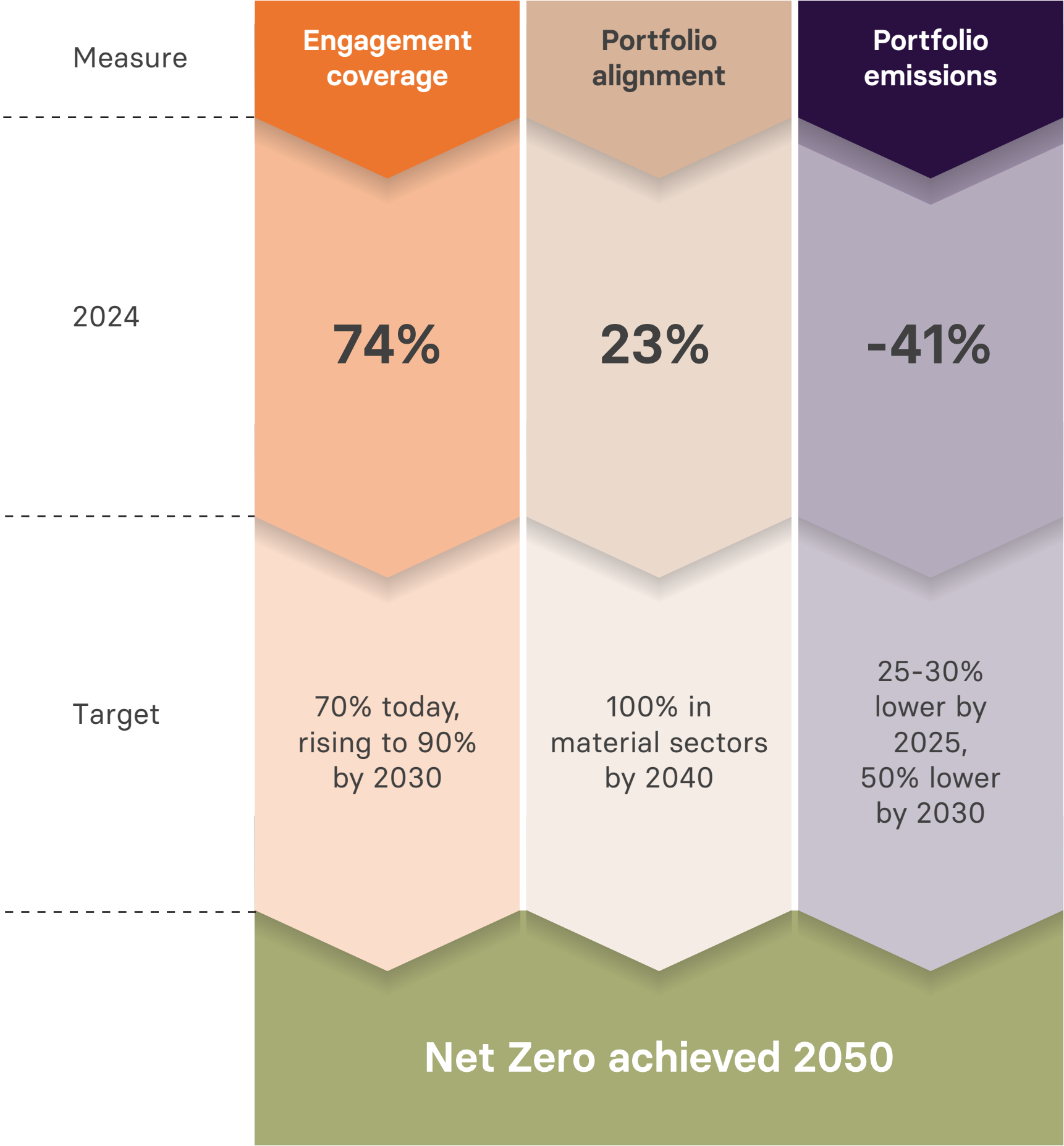
Since publishing our first Net Zero Plan in 2021, we have made progress against all of our stated objectives, covering climate solutions, engagement, alignment, and financed emissions<sup>5</sup>. The figures on this page help to illustrate this progress.

Whilst we are currently on track to meet our interim targets in 2025 and 2030, this is only an early assessment of what is a much longer-term plan.

Critically however, **systemic climate risk has continued to rise significantly** since publishing our first Net Zero Plan, and global emissions also continue to rise. Whilst we may be able to meet our own portfolio objectives in this context, we must tackle systemic climate risk to truly deliver for our members over the long term.

In this Net Zero Plan therefore, we are **deepening our focus on achieving real-world emissions reduction, and on how Railpen can best play its role in driving this change.**


<sup>5</sup> Please see the [Railways Pension Schemes Combined 2024 TCFD Report](#) for more detailed descriptions of targets, methodologies, case studies and progress to date

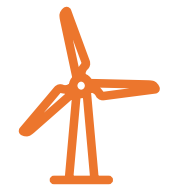



We are currently on track to meet our interim targets, however systemic climate risk has continued to rise significantly since publishing our first Net Zero Plan.


We are therefore doubling down on how we can best play our part in reducing real-world emissions and averting the worst of climate change.

### Climate solutions

- 

£900m of our assets are invested in UK infrastructure
- 

50% stake in AGR Power, a London-based developer of renewable energy and sustainable infrastructure
- 

Innovative private equity solutions platform focused on the 'new energy economy'
- 

Developing an innovation cluster of real estate assets in Cambridge that will be leading examples of sustainability, both in how they are built and how they operate





# OUR AIMS AND ACTIONS



## Risk understanding and management

**Embedding climate risk  
insights into investment  
decisions**

An accurate understanding  
of risk is critical to effective  
capital allocation



## Policy engagement

**Using our voice to  
accelerate credible  
transition pathways**

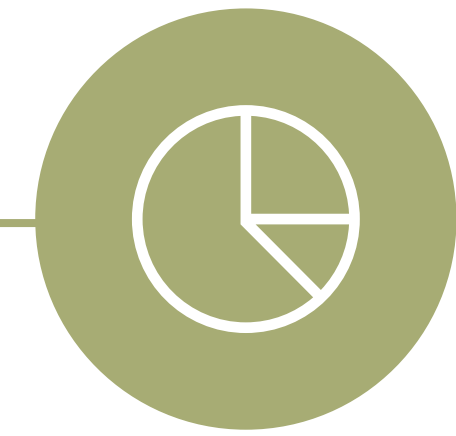
An enabling policy environment  
will help to deliver the goals of  
the Paris Agreement



## Asset stewardship

**Engaging priority assets  
to accelerate net-zero  
alignment**

Stewardship on climate  
risks and opportunities can be  
a powerful lever for investors



## Portfolio construction

**Constructing portfolios  
that support transition  
and resilience**

Significant capital flows to  
climate solutions will enable the  
transition to a net-zero future





## Risk understanding and management

### Embedding climate risk insights into investment decisions

#### Our aims:



Understand, and act on, the financial risks posed by climate to individual assets, strategies and portfolios



Support the development of tools and standards that enable more accurate understanding and measurement of climate risk by market participants

#### The why:

Central to Railpen's approach, in line with our investment beliefs, is a focus on effective climate risk management. This covers both asset-specific (or idiosyncratic) climate risk, as well as systemic climate risk. As a long-term, globally diversified investor, Railpen is exposed to both. In particular, the threat of systemic climate risk from more disorderly or failed transitions would threaten our ability to deliver on our purpose.

An **accurate understanding of risk is critical to effective capital allocation** by us and other financial market participants, and enables efficient and well-functioning capital markets. The development of high quality and broadly applied standards, reporting expectations and disclosure can also enable effective decision making and appropriate risk taking by market participants.

For climate risk management, Railpen uses a 'balanced scorecard' approach. We recognise that **no single metric – qualitative or quantitative – can adequately capture the climate risk of an investment or a portfolio**. In combining multiple metrics and perspectives, we can better assess the risk exposure, potential opportunities, and best course of action.

The principal metrics considered are as follows:

- Transition value at risk
- Physical value at risk
- Level of systemic climate risk<sup>6</sup>
- Engagement-related KPIs
- Allocations to climate solutions
- Asset alignment
- Financed emissions

Effective risk management underpins everything we do, and climate risk is no different.

#### How we'll act:

We will apply risk management tools and measures that aim to quantify transition and physical risk across our portfolios and partner with leading organisations in the development and deployment of these tools. These can then inform our allocation and engagement activities, for example to focus our engagements on the most material risks, and build resilience and adaptation responses to those risks.

**Railpen will be an active participant in key industry groups and collaborative initiatives that can drive the development and adoption of critical climate standards and frameworks.**

Through these initiatives, we seek to promote a more accurate understanding of risk, consistency in climate-related disclosures, support the development of financial policy that enables real-economy decarbonisation, and contribute to investor guidance that strengthens the role of capital in delivering long-term, system-wide, positive outcomes.

Railpen intends to continue to:

- Be an active member of the IIGCC<sup>7</sup> Board
- Co-chair the IIGCC Investor Strategies Programme
- Be an active member of the Paris Aligned Investing Initiative Global Steering Group
- Co-chair IIGCC working groups on climate lobbying, and adaptation and resilience
- Be an active member of the IIGCC UK policy working group
- Be an active member of the Climate Financial Risk Forum Steering Group
- Be an active member of the Strategic Advisory Committee of the Transition Pathway Initiative
- Be an active member of the International Sustainability Standards Board investor advisory group

<sup>6</sup> For example as measured through CO2 atmospheric concentration, extreme weather incidents, and proximity to known climate tipping points

<sup>7</sup> IIGCC is the Institutional Investors Group on Climate Change





## Policy engagement

### Using our voice to accelerate credible transition pathways

Our aims:

- 
- Be a proactive and collaborative industry participant, including in key initiatives that can help shape the policy environment
- 
- Input to select key consultations, particularly those that combine sustainable finance and real-economy issues, to advocate for regulations and policy that enables a just transition to a net zero and resilient future
- 
- Maintain policy engagement as a focus with investee companies and third parties, aligned to the Global Standard on Responsible Climate Lobbying

The why:

We recognise the **critical importance of an enabling policy environment in helping to deliver the goals of the Paris Agreement**. Without this policy and regulatory support, investors – including Railpen – will not be able to achieve their own net-zero aims. The same is also true of many other organisations, including our investee companies.

Railpen aims to be a proactive and collaborative industry participant, with a view that **investors can be valuable contributors to policy discussions**. In particular, as a universal owner of assets with a focus on systemic risks, sustainable financial markets, and financial stability and integrity, Railpen is well-aligned to the aims of policymakers and regulators. Railpen can look to provide a practical, balanced and systemically-aware input, with a focus on aspects such as unlocking private capital, efficient-functioning markets, and long-term economic outcomes.

Public policy is a key lever for system-wide change, and long-term investors have a stake in shaping the future, not just adapting to it

How we'll act:

Railpen will continue to conduct policy engagement, both bilaterally and through appropriate collaborative initiatives and platforms. This includes working with the policy workstream of the IIGCC and as a member of Aldersgate Group.

Railpen's focus on climate policy engagement will include scrutinising the climate policy advocacy of its investee companies, **seeking appropriate disclosure in line with the Global Standard on Responsible Climate Lobbying, and practical advocacy activities that align with the goals of the Paris Agreement**. We recognise that these companies can have a significant influence on the policy environment, alongside many other organisations that conduct significant policy engagement and advocacy.

Similarly, Railpen includes an evaluation of the climate policy engagement of external asset managers in its Manager Assessment Framework, and therefore ultimately in its external manager appointments. Moreover, policy engagement is a consideration, where appropriate, in Railpen's choice of third party providers, such as research providers and investment consultants.





# Asset stewardship

## Engaging priority assets to accelerate net-zero alignment

### Our aims:



- For public market assets<sup>8</sup>:
- At least 70% to be either aligned to net zero or under engagement today
  - At least 90% to be either aligned to net zero or under engagement by 2030



- For other in-scope assets<sup>9</sup>:
- At least 90% to be either aligned to net zero or under engagement by 2030



Engagement focused on identified climate risks and opportunities, and integrated into capital allocation decisions

### The why:

**Railpen has strong conviction in the value of effective investment stewardship.** In addition to the policy engagement described on [page 8](#), Railpen will continue to engage with investee companies and other assets on climate risks and opportunities, with a view to protecting and enhancing the value of those investments over time.

Railpen will use asset stewardship (alongside policy advocacy and appropriate risk management) as a key lever to achieve the climate solutions, alignment and emissions objectives described (left).

### How we'll act:

Railpen will use a combination of bilateral and collaborative engagement best suited to the individual circumstances of each investment. This collaborative engagement approach includes being an active participant in Climate Action 100+ (CA100+).

For assets managed internally, the principal engagement will be with the investee company or asset. This includes the detailed asset management practices applied to our real asset holdings. For externally managed assets, the principal engagement will be with the asset manager responsible for that mandate. For these mandates, we will (as appropriate) establish engagement and other provisions in the relevant Investment Management Agreements.

For property, infrastructure and in-scope private markets assets, given the current challenges around emissions data, the engagement prioritisation process will reference the size of holding and individual climate risk assessment (amongst other factors). We expect engagement coverage to cover materially all the assets in question given Railpen's approach to asset management in these areas. Consequently, if engagement coverage was measured by financed emissions, it would also cover the vast majority of attributable emissions.

Stewardship can be a powerful lever for investors, and we will look to use the full range of engagement tools at our disposal

Railpen's investments in sovereign bonds and related instruments, are primarily in the UK and used for liability-matching purposes. The asset stewardship in this case is aligned to the policy engagement described on [page 8](#) where that focusses on UK government policy.

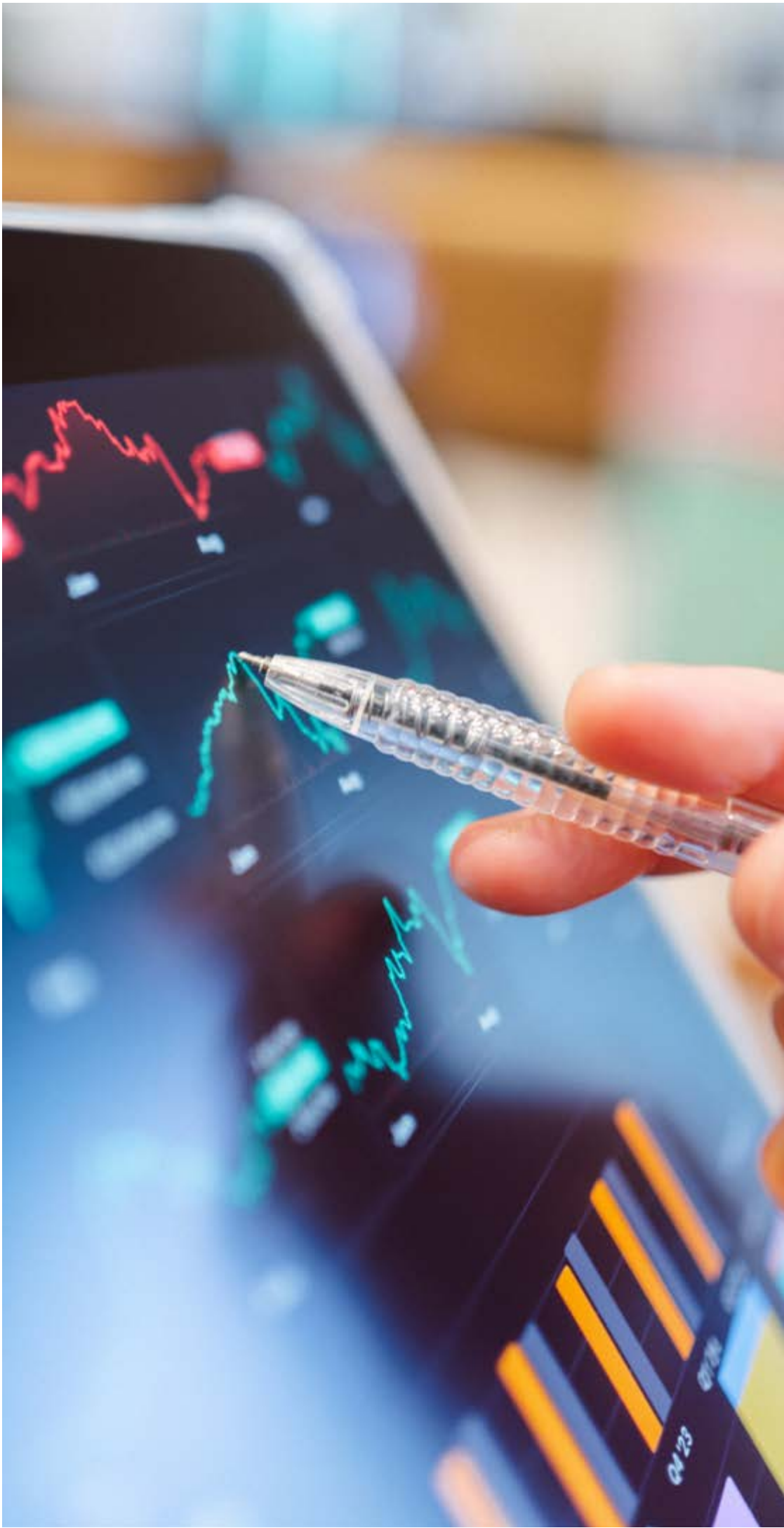
For internally managed listed equities, each year, Railpen renews its Net Zero Engagement Plan (NZEP) which identifies a set of priority companies for engagement covering at least 70% of financed emissions of these assets, rising to 90% by 2030. The engagement prioritisation process references holding amounts, individual climate risk assessments, financed emissions, the expected duration of the holding in Railpen portfolios, and expected level of company access (amongst other factors).

As part of our climate engagement – both with NZEP companies and more widely – we will use our voting and accompanying rights. **We vote in line with our Global Voting Policy, which includes a focus on shareholder rights and protections which are a critical underpin to our climate engagement programme.** In respect of climate-related votes, we focus on adequate climate transition planning, implementation and oversight, with a particular focus on climate policy advocacy and accompanying disclosure.

<sup>8</sup> Public markets assets include listed equity and corporate fixed income. Coverage will be measured by proportion of attributable financed emissions subject to engagement.

<sup>9</sup> Remaining in-scope assets include property, infrastructure, non-legacy private markets and sovereign debt. Coverage will be measured by proportion of assets under management (AUM) subject to engagement.





Portfolio construction

Constructing portfolios that support transition and resilience

Our aims:

Increase investments in climate solutions required to meet net zero by 2050 or sooner

Focus on high quality climate solutions that have material additionality and potential co-benefits for – and minimise harm to – other sustainability objectives

Increase the alignment of our portfolio through a combination of engagement and capital allocation

Public markets<sup>10</sup>:

- 100% of investments in material sectors<sup>11</sup> by 2040 either already achieving net zero, aligned to net zero, or aligning to net zero
- 50% reduction in financed emissions by 2030, with interim 25-30% reduction by 2025, both assessed against a 2020 baseline<sup>12</sup>

Net zero emissions by 2050 across full portfolio<sup>13</sup>

<sup>10</sup> Public markets assets include listed equity and corporate fixed income. Alignment targets will be considered for remaining assets once there is sufficient coverage and confidence in current data.

<sup>11</sup> Material sectors are defined as those with NACE sector codes A-H and J-L.

<sup>12</sup> This applies to scope 1 and 2 financed emissions, measured on an intensity basis (tCO2e / £m invested).

<sup>13</sup> This ambition is subject to evolving methodologies and materiality assessments.

**The why:**

We recognise that **significant capital flows to climate solutions are a critical part of achieving the transition to a net zero and resilient future**. Our focus here will be on primary finance. This applies to both Railpen’s own allocations, as well as those of investee companies and other assets. As such, this focus ties to the engagement priorities (both asset stewardship and policy engagement) on new capital flows.

The alignment and emissions aims (left) are aligned to the [Net Zero Investment Framework \(NZIF\)](#), and represent helpful measures of progress. We see engagement – at the asset and policy levels – as a key lever to help deliver against these aims.

Railpen recognises that **financed emissions and portfolio alignment measures do not provide accurate measures of climate risk and opportunity**. Therefore, we will not prioritise alignment or financed emissions as inputs into capital allocation decisions. However, we should see overall progress on our long-term alignment and emissions aims if we are successful in our day-to-day climate risk management and engagement efforts.



### How we'll act:

We will aim to make additional allocations to climate solutions, building on our existing investments particularly in infrastructure, property and private markets, where we believe we can find the highest quality climate solutions that also improve overall portfolio quality.

As part of our policy engagement work, **we will focus on ways to help unlock private capital flows to climate solutions, particularly in the UK given our exposures and expertise.**

As part of our engagement with public markets, we will focus on how investee companies are allocating their capital expenditure towards climate solutions, and also how they can drive revenue from climate solution products and services. With our external managers for fixed income mandates, climate solution allocations will also be an engagement focus, including the range of sustainability-labelled bonds.

There is a major financing gap for climate solutions, and we must play our part in closing that

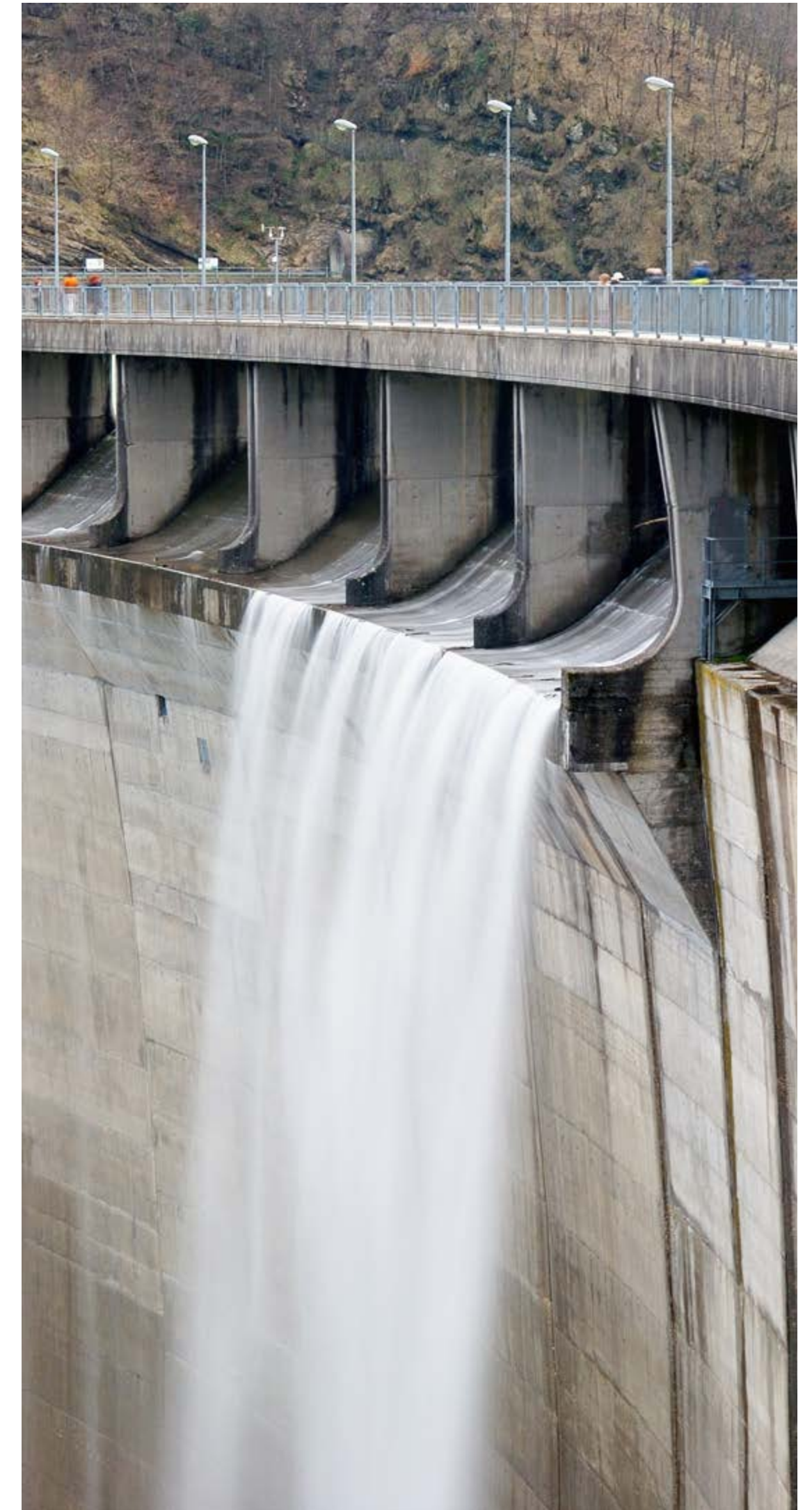
Railpen will use asset stewardship (alongside policy advocacy and appropriate risk management) as a key lever to achieve the climate solutions, alignment and emissions objectives described on [page 10](#).

We will conduct climate scenario analysis to help understand plausible scenarios and their implications for allocation and engagement activities. This may help inform, for example, our identification of investment themes such as resilience, water and food security, as well as how we assess the robustness of our portfolios to a range of macro and shorter-term market environments.

We will continue to focus on data collection, including engagement with data providers and external managers, so that we can increase the coverage, accuracy and consistency of climate-related data over time. This may enable us to set further alignment and emissions aims in the future.

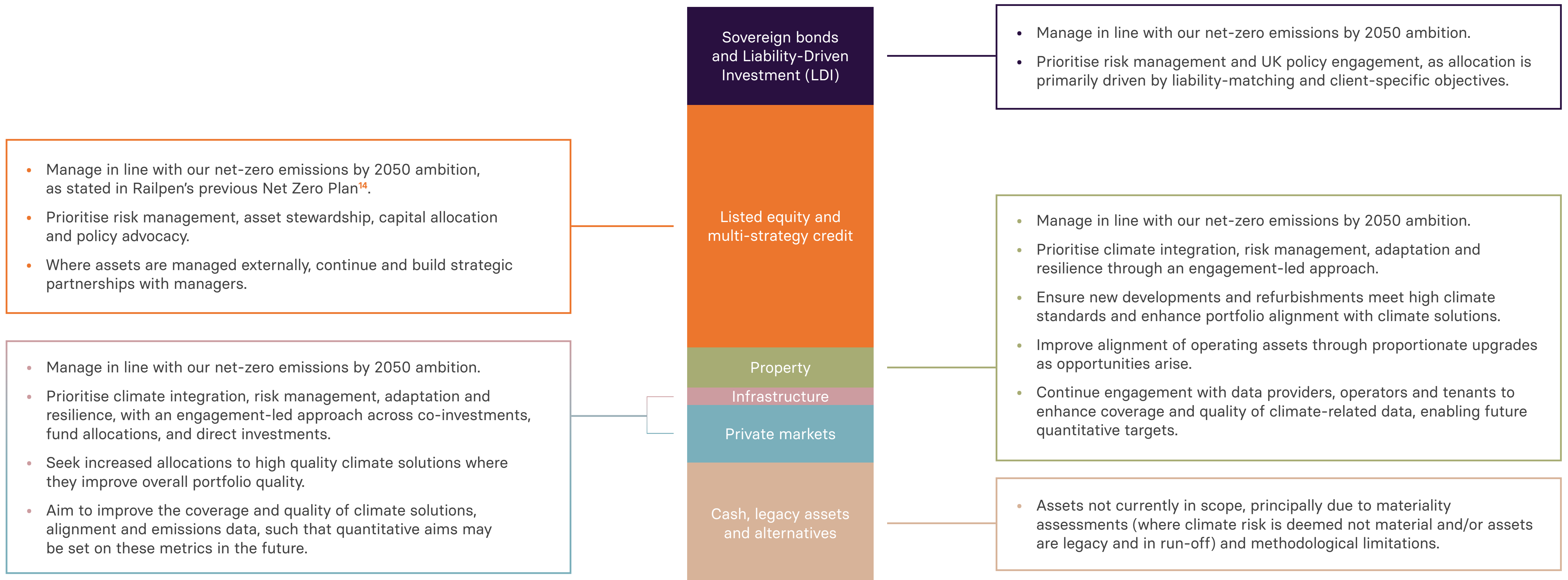
We will continue to include scope 3 emissions in our data collection and analysis, across all asset classes, where feasible. Acknowledging the challenges and shortcomings in scope 3 emissions data, we will look to integrate scope 3 emissions into our engagement coverage and emissions aims, as appropriate, in the future.

In order to more accurately assess our progress on financed emissions, we will re-baseline the comparator figures in line with best practice guidance. We will present both the unadjusted baseline and re-baselined figures in our reporting for transparency. Reasons to re-baseline include material strategic changes to in-scope assets, particularly those that drive a fundamental shift in sectoral and regional exposures, noting the concentration of emissions in certain parts of the global economy. Recognising this is an emerging discipline for investors, we will look to share our rationale, methodology and results as transparently as possible, and continue to revise our re-baselining policy as practices evolve.





# PORTFOLIO APPROACH



<sup>14</sup> Since the Net Zero Plan was established in 2021, additional strategies have been added to these asset classes, applying existing engagement, alignment, solutions and emissions aims.





# KEY TOPICS

As part of our aims, actions and portfolio priorities set out in this Net Zero Plan, we highlight the following key topics that run through our climate approach as thematic focuses:



## Climate policy advocacy

This applies to Railpen’s own climate policy advocacy – done bilaterally and collaboratively – as well as the policy advocacy of external managers, third-party providers, and, critically, investee companies. For investee companies, **the Global Standard on Responsible Climate Lobbying sets out our expectations as investors.**



## Primary capital allocation

We will focus on primary capital flows (as opposed to those in secondary markets) as a **key lever to help drive the mitigation and adaptation solutions needed.** This includes our own primary financing allocations, as well as the allocations made by investee companies, particularly in their long-term capital expenditure programmes.



## Physical risk, adaptation and resilience

Recognising that **all future climate pathways involve significantly elevated levels of physical climate risk** – and catastrophic levels in some pathways – adaptation and resilience are critical elements of a sustainable future. We will bring this focus to bear in our policy advocacy, risk management practices, allocation and stewardship decisions, and expect the same of our underlying investments.



## Just transition

**Climate justice is a critical component of the transition** to a net zero and resilient future. As such, we will integrate justice through our climate strategy, and in our engagement work in particular, shaped around the seven-point framework produced by the Grantham Research Institute on Climate Change and the Environment – strategy, workers, supply chain, communities, consumers, policy and partnerships, and transparency and disclosure.



## Nature

Whilst a critical systemic risk in its own right, nature loss has significant overlaps with climate change in terms of underlying causes, risk management practices, investor actions and solutions. **We will design our climate programme to enhance and reinforce our work on nature** (and vice versa), with a focus on complementary allocation decisions and integrated stewardship. We will continue to work with expert third parties in shaping and implementing our strategic approach to nature loss.



## Own operations

Although the climate risk and emissions of our investment portfolio greatly exceeds that of our own corporate footprint, our net-zero commitments covers both parts. Accordingly, we re-affirm our commitment to net zero by 2050 for our own operations. **It is important that throughout our climate work, we are able to demonstrate in our own practices the standards we seek of others.**





# REVIEW AND REPORTING

The Railpen Net Zero Plan will be reviewed periodically and updated no less frequently than every five years. The Plan is overseen by the Investment and Risk Committee and approved by the Investment Oversight Committee, chaired by the Chief Officer, Pensions Investment Management.

Railpen reports regularly on our climate and broader Sustainable Ownership activities. This includes our annual Stewardship Report. In addition, Railpen reports in line with the Paris Aligned Asset Owners commitment each year, and the Trustee produces an annual Taskforce on Climate-related Financial Disclosures (TCFD) Report in line with applicable pensions regulations.





# APPENDIX A

## Paris Aligned Asset Owners commitment

As institutional investors with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge governments to implement the actions that are needed to achieve the goals of the Agreement, with utmost urgency.

Recognising the need to address the risks investors face from climate change, investors are taking action on climate change, but we acknowledge that there is an urgent need to accelerate the transition towards global net-zero emissions and play our part in helping deliver the goals of the Paris Agreement.

In this context, my organisation commits to the following consistent with our fiduciary obligations:

- Transitioning our investments to achieve net-zero portfolio GHG emissions by 2050, or sooner.
- Implementing this commitment with the aim of achieving real economy emissions reductions and undertaking a comprehensive set of actions available to investors, drawing on the Paris Aligned Investment Initiative's Net Zero Investment Framework.
- Setting objectives and targets, including an interim target for 2030 or sooner for reducing scope 1, 2 and 3 emissions associated with our portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C.
- Where offsets are necessary, and where there are no technologically and/or financially viable alternatives to eliminate emissions, investing in long-term carbon removals.
- Ensure any direct and collective policy advocacy we undertake supports policy and regulation relevant for achieving global net-zero emissions by 2050 or sooner.
- Implementing a stewardship and engagement strategy, with clear voting policy that is consistent with an objective for all assets in the portfolio to achieve net-zero emissions by 2050, or sooner.
- Engaging with asset managers, credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that funds, products and services available to investors are consistent with achieving global net-zero emissions by 2050 or sooner.
- Setting a target and reducing our operational (scope 1 and 2) emissions in line with achieving global net-zero emissions by 2050, or sooner.
- Disclosing objectives and targets, and publishing a clear Investor Climate Action Plan for achieving these goals as soon as possible, no later than one year from making this commitment, and reviewing and updating targets every five years or sooner.
- Reporting annually on the strategy and actions implemented and progress towards achieving objectives and targets, and in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.



APPENDIX B

Glossary

Term	Definition
Aligned to net zero	A company which, though it might currently be an emitter of GHGs, has a credible commitment and action plan to be net zero by 2050 or sooner.
Climate solutions	Goods and services involved either in mitigating the harmful effects of climate change or in providing climate resilience.
Financed emissions	Financed emissions are GHG emissions that result from activities in the real economy financed by an investor's lending and investment portfolios. In this Net Zero Plan, Railpen's financed emissions are normalised relative to the amount of capital invested, and expressed as tCO2e/£m invested.
GHG emissions	Greenhouse gas emissions relate to the emissions of gases that are capable of absorbing infrared radiation and thereby trapping within the atmosphere. The 1997 Kyoto Protocol defines six gases as GHGs: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride.
Net zero	A state in which the GHG emissions created by an organisation in a given time period are approximately equal to the GHGs sequestered by the organisation. In this document, 'net zero' typically refers to the emissions and sequestration of GHGs associated with companies in Railpen's investment portfolio.

Term	Definition
Paris Agreement	The Paris Agreement on climate change is a global accord seeking to keep the rise in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. It was adopted by 195 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12th December 2015. It came into force on 4 November 2016.
Scope 1 GHG emissions	An organisation's direct GHG emissions. These might be created as an organisation combusts fossil fuels, or uses fuel in transportation.
Scope 2 GHG emissions	An organisation's emissions associated with the generation of purchased electricity, heating/cooling, or steam for own consumption.
Scope 3 GHG emissions	An organisation's indirect emissions other than those covered in scope 2. This includes the emissions associated with an organisation's supply chain and its customers.





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✉ 7 Devonshire Square, London, EC2M 4YH  
@ SO@railpen.com

