



NatWest
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Cushon Master Trust

Climate Change Report Member Summary

1.1 What is a Climate Report?

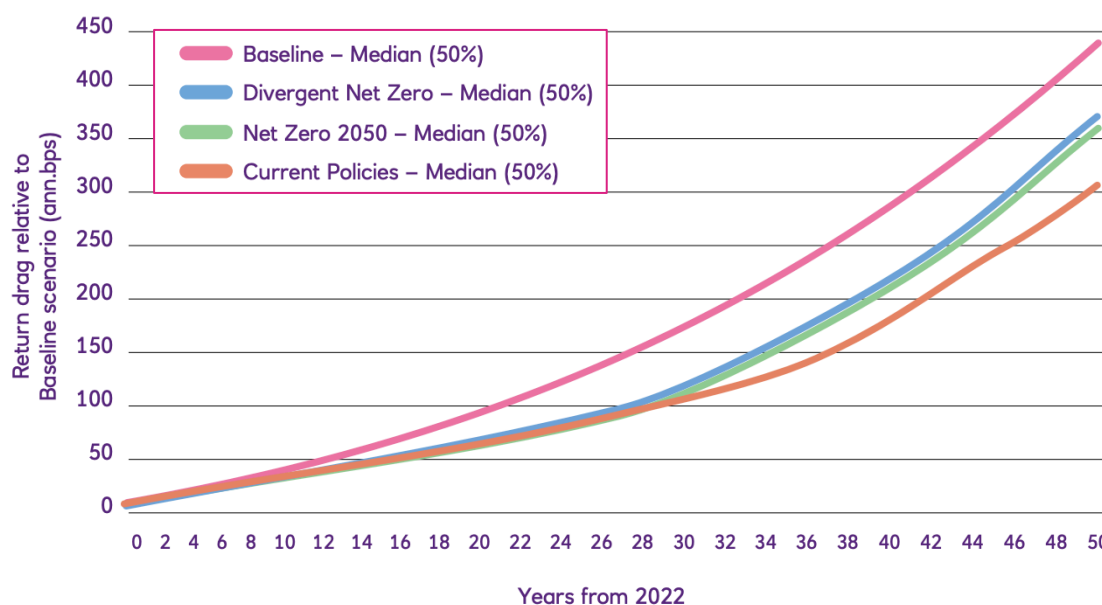
When making investment decisions about your pension arrangements, the Trustees of the Cushon Master Trust must consider a variety of financial risks, some of which may take decades to materialise. Given the long timescales and considerable uncertainty surrounding outcomes of climate change, the Trustees consider managing climate risks and opportunities to be a key part in our role of safeguarding your pension.

[The Cushon Master Trust Climate Change Report](#) outlines how the Trustees are managing these climate-related risks, and finding climate investment opportunities, on your behalf. This summary is intended to highlight some of the key considerations, but for more information on various aspects of the Trustees' sustainability strategy we encourage you to read the full report.

1.2 Why does it matter?

As investors, the Trustees are mindful of the impact the Scheme's investments have on the world. The Trustees believe that making sustainable investments will improve the world we all retire into, but that is not the main reason why the Trustees think about climate risks and opportunities. The Trustees are aware that climate change is having impacts across global markets and economies that cannot be ignored. As such the Trustees analyse the Scheme's portfolios and consider climate change across the investment strategy.

Climate change is expected to affect your pension pot in different ways depending on how the world responds. The Trustees' modelling shows that an orderly transition to net zero by 2050 would lead to smaller short-term return impacts than a disorderly one, with both paths still allowing growth over the long term, demonstrating a level of existing resilience within the portfolios under these scenarios. However, if no meaningful action is taken ("Current Policies"), rising global temperatures could reduce the value of a typical pension pot by around 31% over 50 years. This highlights both the benefits of a smooth transition and the risks of inaction.



1.3 What are we doing about it?

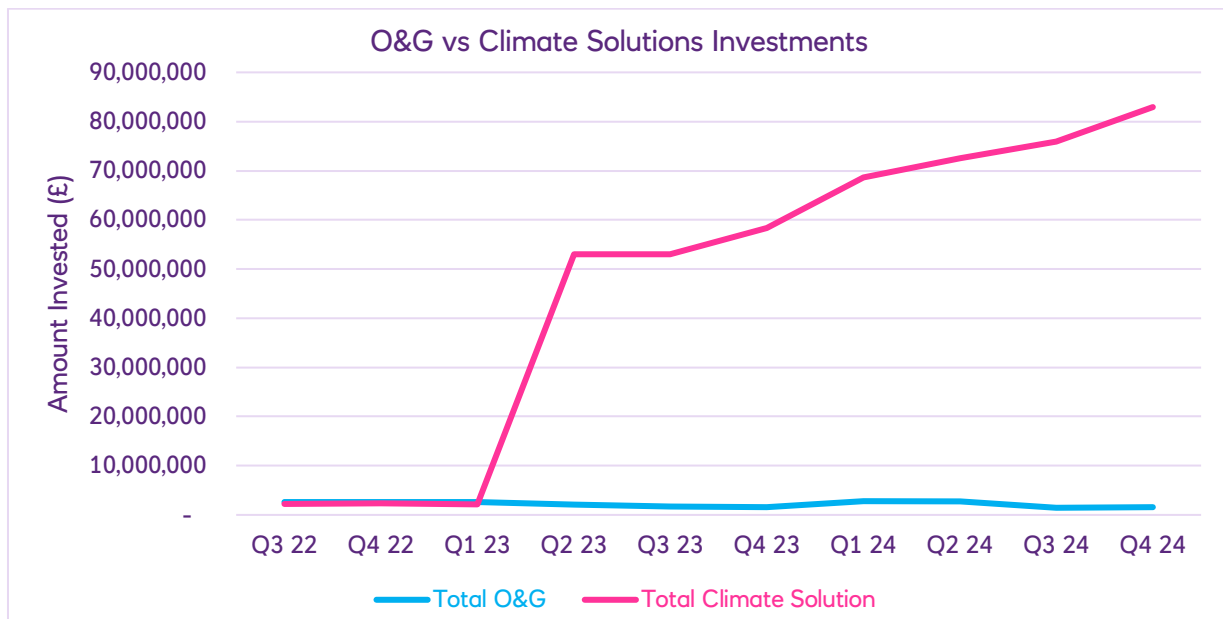
The Trustees have made significant progress in how they approach and address climate change with the support of their investment adviser and the NatWest Cushon Investment Office. The Trustees’ blog outlines the three key dimensions of their climate framework: Portfolio Decarbonisation, Real-World Decarbonisation, and Portfolio Climate Risk Resilience: <https://cushon.co.uk/articles/consideration-of-climate-risk>.

Cushon Master Trust’s approach has three dimensions:



The Trustees are investing in climate solutions, as they believe these will provide attractive long-term returns, as more investors and companies understand the true benefits these investments can bring. They are also a great opportunity to support global action and drive a transition to net zero, which the Trustees believe is in members’ best interest.

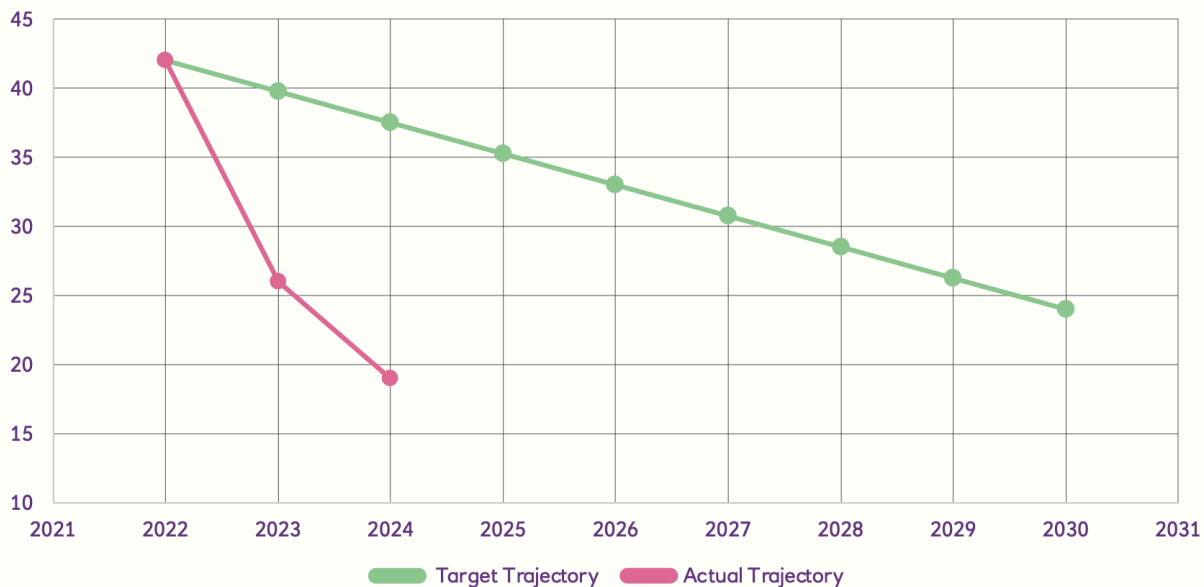
The Trustees believe that climate solution investments and the technologies of tomorrow will deliver better risk-adjusted returns than legacy oil and gas investments. The Trustees therefore have invested significantly more in climate solutions vs oil and gas.



The Trustees also aim to invest your pension pot in lower emitting companies. As a result, the Trustees hope that the companies in which members' pension pots are invested are better protected from rising carbon costs. The Trustees believe that investing in companies paying lower carbon costs could lead to higher returns for members.

The Trustees are proud to have met their ambitious 80% emission reduction target six years before the target year of 2030. The Trustees' baseline was the average investor's emission profile in 2022, which is 118 tonnes of CO₂ per year per £1m invested, with a 2030 target of 24 tCO₂ per year per £1m invested. The Trustees have opted to maintain this interim target for now, and will be considering new targets in 2025/26. See the progress in the graph below:

Comparison of Scope 1+2 target versus actual trajectory



1.4 In Conclusion

The next few decades will create new risks and opportunities related to climate change, and the Trustees believe it is in the best interests of Cushon Master Trust members to incorporate these factors into the running of the Scheme.

The Trustees have designed and implemented default investment strategies which have climate considerations at their core. The Trustees will continue to assess climate risks and consider further opportunities within this space. The Trustees will continue to innovate their investment strategy's climate integration and look forward to reporting further progress in next year's Climate Change Report.

[Click here](#) to read the latest full Climate Change Report.

For and on behalf of the Trustees of the Cushon Master Trust.