



# CLIMATE TRANSPARENCY REPORT 2019

Environment Agency Pension Fund

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-B0D05338-B86C-4EC0-99FA-106CFAF9E6FA/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-B0D05338-B86C-4EC0-99FA-106CFAF9E6FA/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Environment Agency Pension Fund
<b>Signatory Category</b>	Non-corporate pension or superannuation or retirement or provident fund or plan
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 1 - 4.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2006
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	100% from 38 Voluntary indicators

# Environment Agency Pension Fund

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Climate Change - TPI Framework <input checked="" type="checkbox"/> Other, specify(2) Engaging our stakeholders	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

**Other description (1)**

In October 2015, we made the commitment to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements. We have now updated the policy and included the base case scenario.

- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Edited to meet word count - see annual report.

Long-term investors - we implement our funds investment strategies that require productive assets that contribute to economic activity, such as equities, bonds and real assets.

Responsible investors - we believe that in the long term we will generate better financial returns by investing in companies and assets that demonstrate they contribute to the long term sustainable success of the global economy and society.

Best practice governance - appropriate oversight, prioritisation, delegation and decision making at the right level, and clear accountability.

Decisions informed through experts and knowledgeable officers and committee - extensive expertise including trained and insightful committee members, experienced and professional officers and high quality, knowledgeable advisors.

Evidence and research at heart of investments - continually learning and reappraising from academic research, investment professionals, and our peers, and seek continual development in our understanding of investment.

Leadership and innovation - we are prepared to be innovative and demonstrate thought leadership in collective investment, within the requirement of prudence and our joint fiduciary duty.

Right risk for right return -

Full risk evaluation -

Responsible stewardship -

Cost effective solutions -

Transparent and accountable -

Collaborate -



### Responsible Investment (Section in ISS)

We are long-term investors who aim to deliver a truly sustainable Pension Fund; ensuring that it is affordable; delivers financially to meet the objectives of our scheme employers; and is invested responsibly.

Being responsible investors to us is to;

Consider a wide range of issues e.g. environmental or social impacts and what financial impact they could have both in the short and long term.

Look to work with and influence others.

Act as good owners of the companies, assets and funds in which we invest.

Operate in an open and transparent way.

Our fiduciary duty is to act in the best long-term interests of our members. To do so properly requires us to recognise that environmental, social and governance issues can positively and negatively impact on the Fund's financial performance and that they should be taken into account in our funding and investment strategies, and throughout the funding and investment decision-making process. Full details are contained in our Responsible Investment Policy, and other associated policies, notably our Policy to Address the Impacts of Climate Change. Managers are expected to comply with these policies when implementing the mandates on our behalf.

The Brunel Pension Partnership Investment Principles clearly articulate our commitment, and that of each Fund in the Partnership and its operator (Brunel Company), to be responsible investors and as such recognise that social, environment and corporate governance considerations are part of the process in the selection, non-selection, retention and realisation of assets. One of the principal benefits, outlined in the BPP business case, achieved through scale and resources arising from pooling is the improved implementation of responsible investment and stewardship.

Every portfolio, in every asset class, under the Brunel Pension Partnership, explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing shareholder value in relation to each portfolio and its objectives. More information is on the BPP website.

Both our Pensions Committee and Pension Board have member representatives who actively engage with beneficiaries and other stakeholders to ensure the Fund is aware and can respond effectively to all member concerns. We also actively use our website, newsletters and member webinars to engage directly. We also respond, track and report all member and stakeholder enquires as part of standard quarterly reporting. The Fund is accredited with Customer Service Excellence which requires high standards of stakeholder engagement.

We became the first Local Government Pension Scheme (LGPS) signatory of the UNPRI in July 2006. The UNPRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact. The principles reflect the view that ESG issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary duty. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

We do not exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

The EAPF is a signatory of the UK Stewardship Code and our Stewardship Code Compliance Statement evidences our compliance with both the UK Code and other global best principles of good stewardship.

### Stewardship (Section in ISS)

#### Engagement

Our Responsible Investment Policy set outs the areas of engagement that, as a Fund, we have selected to have particular focus. These include promoting ESG as part of delivering fiduciary duty, sustainable capitalism, water risk, climate risk and human capital management.

The fund is a member of the 30% Club Investor group, which promotes gender diversity on the boards and executive committees of [UK] listed companies, and promotes wider diversity and inclusion in the companies in which we invest.

To complement and support the implementation of our themes we work with our managers, specialist engagement provider Hermes EOS and other service providers. We are also members of the Local Authority Pension Fund Forum (LAPFF).

All the assets of the pension fund are selected by external fund managers. This means that it is our external fund managers who make the detailed decisions in which companies we invest in. This is important in avoiding conflicts of interest for our employers, but also gives us and Brunel the flexibility to select the best managers for each set of assets. The skills needed to decide environmental and other issues vary from one asset class to another. We place a high importance, and indeed time and energy, in selecting good quality managers who deliver financially and can manage the wide variety of risks that come with making investments.

#### Voting

The Fund believes that voting is integral part of the responsible investment and stewardship process and as such is delegated to managers to vote on all the Fund's shares at their discretion. We demand high standards in stewardship from our managers and their approach and associated policies are evaluated as part of the manager selection process. Voting reports are included in quarterly reports and voting execution is evaluated as part of on-going manager's monitoring. For environmental issues we have written specific guidance and reserve the right to direct the voting in accordance with these guidelines.

#### Stewardship in pooling

As part of the Brunel Pension Partnership (BPP) we are actively exploring opportunities to enhance our stewardship activities. One of the principal benefits, outlined in the BPP business case, achieved through scale and resources arising from pooling, is the improved implementation of responsible investment and stewardship. Once established and fully operation the Brunel company will deliver best practice standards in responsible investment and stewardship as outline in the BPP Investment Principles.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Responsible Investment is embedded in our governance, our approach to risk and how we deliver our investment strategy on a day to day basis. We first published our Policy to Address the Impacts of Climate Change in October 2015 and updated this in 2017 to demonstrate to our members we have a credible plan to deliver strong long term financial returns as the impacts of climate change materialise. We believe financial risk and opportunities will come from both these impacts, regulation and policy, alongside increased competition from alternatives and technological innovation.

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

<b>SG 01.8 CC</b>	Indicate the associated timescales linked to these risks and opportunities.
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We aim by 2020 to:

Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities. This will contribute to our wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We trust that

this will make our portfolio more resilient to the impacts of climate change and adapt to the climate change that is already in the system.

Decarbonise the equity portfolio, reducing our exposure to 'future emissions' by 90 per cent for coal and 50 per cent for oil and gas by 2020, compared to the exposure in our underlying benchmark as at 31 March 2015. 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent. We think that this will reduce the risk of our portfolio by anticipating the reductions needed to move to a low-carbon economy.

Support progress towards an orderly transition to a low-carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry. We recognise that active stewardship is the most effective way to tackle systemic risk.

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

Describe
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Responsible Investment is embedded in our governance, our approach to risk and how we deliver our investment strategy on a day to day basis. We first published our Policy to Address the Impacts of Climate Change in October 2015 and updated this in 2017 to demonstrate to our members we have a credible plan to deliver strong long term financial returns as the impacts of climate change materialise.

No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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Public PRI Climate Transparency Report

Annual financial filings

Regular client reporting

Member communications

Other

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

URL/Attachment

URL

URL

{hyperlink:https://www.eapf.org.uk/investments/policies}

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.eapf.org.uk/en/investments/policies}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.brunelpensionpartnership.org/stewardship/}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.brunelpensionpartnership.org/stewardship/}

Attachment (will be made public)

Other, specify (1)

Other, specify (1) description

Climate Change - TPI Framework

URL/Attachment

URL

URL

{[hyperlink:http://www.lse.ac.uk/GranthamInstitute/tpi](http://www.lse.ac.uk/GranthamInstitute/tpi)}

- Attachment (will be made public)
- Other, specify (2)
- We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments

URL/Attachment

- URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

- Attachment
- Time horizon of your investment

URL/Attachment

- URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

- Attachment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches

URL/Attachment

- URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

Attachment

Reporting

URL/Attachment

URL

URL

{[hyperlink:https://www.eapf.org.uk/annual-reports-and-accounts](https://www.eapf.org.uk/annual-reports-and-accounts)}

Attachment

Climate change

URL/Attachment

URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{[hyperlink:https://www.eapf.org.uk/en/investments/policies](https://www.eapf.org.uk/en/investments/policies)}

Attachment

Other RI considerations, specify (1)

Other description (1)

In October 2015, we made the commitment to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C

relative to pre-industrial levels, in-line with international government agreements. We have now updated the policy and included the base case scenario.

URL/Attachment

URL

URL

{hyperlink:<https://www.eapf.org.uk/en/investments/policies>}

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

We believe we have a credible plan to deliver strong long term financial returns as the impacts of climate change materialise. We believe financial risk and opportunities will come from the physical impacts, regulation and policy alongside increased competition from alternatives and technological innovation.

We have set ourselves a global leading objective - to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements.

We have set three targets for 2020

- Invest 15 per cent of the fund in low carbon, energy efficient and other climate mitigation opportunities.
- Decarbonise the equity portfolio, reducing our exposure to "future emissions"\* by 90 per cent for coal and 50 per cent for oil and gas by 2020 compared to the exposure in our underlying benchmark as at 31 March 2015.
- Supported progress towards an orderly transition to a low carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry.

Please see our website for more information - <https://www.eapf.org.uk/en/investments/policies>

**Governance and human resources**

SG 07 CC	Voluntary	Public	Descriptive	General
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**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.6</b> <b>CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Our Policy to Address the Impact of Climate Change ('the policy') is owned by the EAPF Pension Committee on behalf of the Environment Agency Board (Administering Authority). As a core part of the investment strategy and risk management processes, the Pension Committee Chair includes updates on the delivery of the policy as part of their regular updates to the Environment Agency Board. Progress against the policy is reported in the Annual Report and Financial Statements approved by the Environment Agency Board (as well as the Audit, Risk and Assurance Committee). Further detail on the pension fund governance structure is outlined in the in our Annual Report and Financial Statements.

Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010 when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation. This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and provides the Fund with impact assets across 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website. The Pensions Committee has extensive training and engagement on the outcomes of the study.

The Pension Committee and Investment Sub-committee will receive reports to enable them to monitor climate related issues every quarter. All committee members receive training on our work to address climate change and regularly represent the Fund externally with other stakeholders. Whilst the majority of the resources allocated to climate issues are captured as part of staff time or integrated into standard work items, for example fund manager selection, there are specific budget allocations to climate change for carbon metrics reporting and the Transition Pathway Initiative (TPI).

<b>SG 07.8</b> <b>CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

<b>ESG issues in asset allocation</b>				
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<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 13.1**

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

**Describe**

Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010, when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation. This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and looked at impact across different asset classes over 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website.

- No, not to assess future ESG/climate-related issues

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13 CC****Voluntary****Public****Descriptive****General****SG 13.4 CC**

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

**Describe**

Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010, when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation. This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and looked at impact across different asset classes over 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website.

- Incorporation into investment analysis
- Inform active ownership
- Other

**SG 13.5  
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6  
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and looked at impact across different asset classes over 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website.

- No

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #cccccc; padding: 5px; border: 1px solid #000;">Other (1) please specify:</div> Not in public domain
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			348	583	889
Currency	GBP				
Assets in USD			446	533	400

Specify the framework or taxonomy used.

This captures the proportion of the fund invested in low carbon, energy efficient and other climate mitigation opportunities.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.4** If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

The Fund uses a range of tools to help us establish the level of risk relating to climate change issues. These are more developed and quantitative in some asset classes more than others. In listed equities and bonds, fossil fuel exposure analysis and carbon footprinting provides us with useful information on the absolute exposure and the relative carbon intensity of holdings and summarises the indicators that underpin the reporting against the targets in our climate change goals.

**SG 14.5** Additional information [Optional]

Please see our full Policy to Address the Impacts of Climate Change - <https://www.eapf.org.uk/investments/policies>

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6 CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Our objective is to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to below 2°C relative to pre-industrial levels, in line with international government agreements.		<p>We aim by 2020 to:</p> <ul style="list-style-type: none"> <li>Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities. This will contribute to our wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We trust that this will make our portfolio more resilient to the impacts of climate change and adapt to the climate change that is already in the system.</li> <li>Decarbonise the equity portfolio, reducing our exposure to 'future emissions' by 90 per cent for coal and 50 per cent for oil and gas by 2020, compared to the exposure in our underlying benchmark as at 31 March 2015. 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent. We think that this will reduce the risk of our portfolio by anticipating the reductions needed to move to a low-carbon economy.</li> <li>Support progress towards an orderly transition to a low-carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry. We recognise that active stewardship is the most effective way to tackle systemic risk.</li> </ul>
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		tCO2e/mn GBP revenue	Individual company Carbon-to-revenue intensity multiplied by its weight in the portfolio
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		Tonnes CO2e/mn GBP revenue	Direct + First Tier Indirect emissions, i.e. Scope 1+ Scope 2 + Remaining 1st tier indirect. Apportioned GHG emissions divided by apportioned revenues
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets		Tonnes CO2e/mn GBP revenue	Apportioned GHG emissions divided by apportioned revenues

	<input type="checkbox"/> Minority of assets			
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		Tonnes CO2e	Direct and First Tier Indirect scope  This is an absolute metric Apportioned carbon emissions for Direct and First Tier Indirect scopes
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		Tonnes CO2e/mn GBP revenue	Apportioned GHG emissions divided by apportioned revenues
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		Weight (%) of companies in a portfolio  Tonnes CO2	Fossil fuel exposure is the combined weight of companies in a portfolio that derive any revenues from coal, petroleum or natural gas power generation.  Future financed emissions represent the carbon emissions that would be released to the atmosphere if owned fossil fuel related assets were all burnt

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	by 2020	Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities.	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	by 2020	Our wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We trust that this will make our portfolio more resilient to the impacts of climate change and adapt to the climate change that is already in the system.	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	by 2020	Decarbonise the equity portfolio, reducing our exposure to 'future emissions' by 90 per cent for coal and 50 per cent for oil and gas by 2020, compared to the exposure in our underlying benchmark as at 31 March 2015. 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent. We think that this will reduce the risk of our portfolio by anticipating the reductions needed to move to a low-carbon economy.	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

**SG 14.9  
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

The Chair of Environment Agency/ Investment Committee undertakes extensive speaking and investment industry advocacy, including encouraging TCFD adoption.

TCFD adoption of companies is a principle within the Brunel Stewardship policy and forms an integral part of engagement.

- No, we do not engage



SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

38

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Cash
- Other (1)

other description (1)

We do not have the asset class breakdown readily available as we measure exposure by theme.

% of AUM

38

### Brief description and measures of investment

We have specific thematic allocation to clean technology implemented through specialist teams for infrastructure, public and private equity.

We have flagged this under infrastructure as this is the asset class under which the most intense increase in allocation is occurring.

We set ourselves the target of at least 25% of our investments in clean technology and other sustainable opportunities. We currently have in the region of 30%.

Investments include;

- Property opportunities targeting energy efficiency, urban regeneration and sustainability
- Venture capital funding the next generation of technologies that provide new solutions -such as electric vehicles and LED lighting
- Long term sustainable infrastructure, such as renewable energy and energy efficiency
- Listed companies demonstrating best practice in sustainability, improving efficiency and reducing social and environmental impacts

Renewable energy

Green buildings

### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Cash
- Other (1)

### other description (1)

Please see initial comment.

### % of AUM

0

### Brief description and measures of investment

The majority of EAPF's property investments contribute to and are rated by GRESB and achieve 'Green Star' (highly rated) standard.

More specifically, the Low Carbon workplace fund's objective is to acquire under-managed UK

office properties and to refurbish them with the explicit goal of improving environmental performance. Between its launch in March 2010 and December 2018, the fund had purchased and refurbished 9 properties. As at 31 December, the fund held 8 properties with a value of approximately £300m. In 2017, the funds properties had an average CO2 emissions 25% below the Better Building Partnership's Real Estate Environmental Benchmark and 67% below the Chartered Institute of Building Services Engineers' ECON19 benchmark. (Full year figures for 2018 are not yet available).

Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Cash
- Other (1)

other description (1)

Please see initial comment.

% of AUM

0

Brief description and measures of investment

To ensure the investment followed an ESG approach aligned to that of EAPF, The Townsend Group in conjunction with EAPF negotiated a set of ESG investment criteria which all investors will benefit from. This included an undertaking to have investments FSC, PEFC or equivalent certifications in place; no investments in natural tropical rainforests or conversions; no investments in the Amazon Biome and other areas supporting predominantly high cerrado; no investments which would lead to resettlements and/or deterioration of socially/culturally important sites; and ensuring progress is reported annually on ESG matters.

Sustainable agriculture

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Cash
- Other (1)

#### other description (1)

Please see initial comment.

#### % of AUM

0

#### Brief description and measures of investment

We Invest in agriculture through professionally managed funds. Key issues include concern over "land grab", or more generally growing high value groups in stressed situations, as well as management issues such as water use, run off, and chemical use. Livestock production, particularly cattle, has particularly significant environmental impacts.

In guidelines we provide to the manager selecting the funds we include the requirement to apply the following frameworks;

- The Principles for Responsible Investment in Farmland
- The UN-PRI established a Farmland Working Group to address these concerns and to incorporate existing work done by a group of institutional investor signatories to the PRI on the topic of farmland investment.
- UN Committee on World Food Security (CFS) Voluntary Guidelines on Tenure
- The Voluntary Guidelines represent significant progress made in the governance of natural resources and food security.
- Roundtable for Sustainable Palm Oil (RSPO)

- Microfinance
  - SME financing
  - Social enterprise / community investing
  - Affordable housing
  - Education
  - Global health
  - Water
  - Other area, specify
- No