



CLIMATE TRANSPARENCY REPORT

2019

Church 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/-408DB9D6-A3AD-44F0-B83E-C82969D17779/00000000-0000-0000-0000-000000000000/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

Name	Church Pension Fund
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2008
Region	Europe
Country	Finland
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Church 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 type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" 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) Separate Climate change strategy <input checked="" type="checkbox"/> Other, specify(2) Separate voting policy, not public	<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 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.

The core mission of the Church Pension Fund is to manage the pension assets productively, securely and responsibly. The values of the Church serve as the foundation for the responsible investment activities of the Church Pension Fund. The Church Pension Fund is a long-term investor with the objective, that responsible investing is an effective way to ensure a good return on investments and management of investment risks. As a public actor, transparency of the investment activities is key.

The Pension Fund focuses particularly on favouring responsible investment objects and influencing corporate behaviour. The selection of asset managers and development of this co-operation are a key aspect of the Pension Fund's responsible investment activities (for more details, please see our Guidelines for Responsible Investment).

The investment strategy also address climate change (in addition to the separate climate change strategy). The Church Pension Fund has identified several sustainability challenges facing global economic development, with influence on all investments. One of the most critical threats is climate change and the urgent need to reduce carbon emissions. Another significant challenge over the longer term is the ageing population and the adaptation to a new demographic structure.

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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**SG 01.6
CC**

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.

Climate change affects the value of investments

The changes resulting from climate change represent new risks and opportunities for investors. In practice, this means that the efforts of companies and states to control climate change will have a gradual impact on the return and risk development of the Church Pension Fund's investment operations. Climate change work is an integral part of risk management within the Church Pension Fund's investment operations. The key task of the Church Pension Fund is to ensure the payment of pensions to Church employees, now and in the future.

The financial impacts of climate change on global markets and sectors are multidimensional and vary along with

the different global warming scenarios. The risks induced by climate change are especially critical in sectors with high greenhouse gas emissions, such as utilities, basic industries and energy production. The climate impacts are significant in the agriculture and forestry sectors as well.

The Church Pension Fund utilises different climate change tools to reduce its carbon footprint

According to the Climate Change Policy approved and published in 2016 the goal of the Church Pension Fund is to consistently reduce the carbon footprint of its investment operations over time. The Church Pension Fund is a long-term investor and considers climate-related risks and opportunities over a long-term horizon. In November 2015, the Church Pension Fund signed the investors' Montréal Carbon Pledge. By participating in the initiative, the Church Pension Fund pledges to report annually on the carbon footprint of its investments.

In order to manage the climate-related risks and opportunities and reduce the carbon footprint of its investment operations, the Church Pension Fund has identified a set of climate change tools. The applicable tools and their uses vary in accordance with the different asset classes (please see the Climate Change Policy for detailed table).

The primary tools of the Church Pension Fund include the ESG analysis (A.) and engagement activities (B.), which can be used in all asset classes. Green investments (C.) also play a key role, since they are necessary for the development of new low-carbon solutions within different sectors and form the so-called positive carbon handprint.

Carbon reporting (D.) provides the Church Pension Fund with an up-to-date picture of the climate risks of its investments. The Pension Fund screens the fossil fuel exposure of the external managers and map their climate-related strategies through the annual ESG survey. Exclusion criteria (E.) in fossil fuel investments reduce the Church Pension Fund's carbon risk in direct equity investments and serve as a basis for discourse with asset managers. Low-carbon index products (F.) are noteworthy options in terms of passive equity investments.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

SG 01.10 CC	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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The Church Pension Fund published a Climate Change Strategy in 2016 and it is reviewed regularly by the Board. Please see section SG 01.6 CC for a brief introduction to the strategy.

- No

SG 1.12 CC	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

	specify
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Annual Report on Responsible Investment

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

SG 02.1	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
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- URL
- Attachment (will be made public)

	Attachment
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[File 1:The Church Pension Fund's Guidelines for Responsible Investment.pdf](#)

- Formalised guidelines on corporate governance factors

	URL/Attachment
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- URL
- Attachment (will be made public)

	Attachment
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[File 1:The Church Pension Fund's Guidelines for Responsible Investment.pdf](#)

- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:The Church Pension Fund's Guidelines for Responsible Investment.pdf](#)

- Engagement policy

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:The Church Pension Fund's Guidelines for Responsible Investment.pdf](#)

- (Proxy) voting policy

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:The Church Pension Fund's Guidelines for Responsible Investment.pdf](#)

- Other, specify (1)

Other, specify (1) description

Separate Climate change strategy

URL/Attachment

- URL
- Attachment (will be made public)

Attachment

[File 1:Climate change strategy of the Church Pension Fund.pdf](#)

- 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

Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

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

URL/Attachment

URL

Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

Time horizon of your investment

URL/Attachment

URL

Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

ESG incorporation approaches

URL/Attachment

- URL
- Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

- Active ownership approaches

URL/Attachment

- URL
- Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

- Reporting

URL/Attachment

- URL
- Attachment

File Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

- Climate change

URL/Attachment

- URL
- Attachment

File Attachment

[Climate change strategy of the Church Pension Fund.pdf \[393KB\]](#)

- Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

- URL
- Attachment

[The Church Pension Fund's Guidelines for Responsible Investment.pdf \[819KB\]](#)

We do not publicly disclose any investment policy components

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

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

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

Portfolio managers

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

Dedicated responsible investment staff

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

External managers or service providers

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

SG 07.6 CC	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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The Board of the Church Pension Fund has development of RI practices included in the task description. The Board approves the Climate Change Strategy, with at least one annual follow-up of the results of the key performance indicators.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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The CIO and investment team members have RI accountability included in the respective task descriptions, and practical implementation responsibility of RI in the own field (asset category) of work. Results are followed annually according to the key performance indicators of the Climate Change Strategy.

SG 07.8 CC	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

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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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.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3	Additional information. [OPTIONAL]
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A 2-degree climate change scenario analysis is planned for the portfolio during 2019. The Church Pension Fund has in previous years conducted this analysis for individual mandates and funds.

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			325	000	000
Currency	EUR				
Assets in USD			370	790	268

Specify the framework or taxonomy used.

These investment strategies focus on avoiding the largest emitters, fossil fuel related companies (energy sector, utilities, mining) and positively focusing on energy efficiency and renewable energy sectors.

- 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

other description

Encouraged companies to report on their emissions and climate change strategies as a signatory of the CDP and Carbon Action 100+.

- 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

other description

In the annual ESG fund survey the Church Pension Fund monitors the fund managers’ strategies, objectives and indicators related to climate change.

- None of the above

SG 14 CC	Voluntary	Public	General
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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
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	KPI for climate strategy annual monitoring	Emissions tCO2 / \$M sales	Also checking coverage of carbon data (%) reported for each fund
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Follow fund manager exposure to fossil fuel sector and use results for engagement	Over 25 % of revenue	Companies that derive more than 25 % of their revenue from coal mining or other fossil fuel operations

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

Please describe

The changes resulting from climate change represent new risks and opportunities for investors. In practice, this means that the efforts of companies and states to control climate change will have a gradual impact on the return and risk development of the Church Pension Fund's investment operations. Climate change work is an integral part of risk management within the Church Pension Fund's investment operations. The key task of the Church Pension Fund is to ensure the payment of pensions to Church employees, now and in the future.

The financial impacts of climate change on global markets and sectors are multidimensional and vary along with the different global warming scenarios. The risks induced by climate change are especially critical in sectors with high greenhouse gas emissions, such as utilities, basic industries and energy production. The climate impacts are significant also in the agriculture and forestry sectors as well.

For the Church Pension Fund the risk management process works in different phases:

Policies and strategies: The Church Pension Fund updates the risk management plan annually, as well as the investment plan. In addition, the Pension Fund updates the longer-term investment strategy every three years. In addition, the RI Guidelines (2018), and the Climate Change Strategy (2016) are updated regularly. The Climate Change Strategy includes a range of KPIs that are annually reported on and set the closer agenda for climate change work within the portfolio.

Portfolio analysis: The Pension Fund conducts annual ALM and portfolio analysis projects. Bi-annual portfolio screenings on norm breaches, specific sectors and fossil fuel related companies.

Investment process: Risk and opportunities are evaluated separately for every new investment decision in all asset-classes. Continuous follow-up with asset managers, including dialogue on climate change work.

Allocation decision-making: Closer market review and portfolio assessment every second week.

Continuous monitoring: Through portfolio management system - liquidity, currency, allocation and other limits to be monitored daily. In addition, daily ESG data input into the portfolio management system for listed equity and fixed income funds.

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.
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- Yes
- 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.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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5.4

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.
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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

% of AUM

0.14

- Property
- Hedge funds
- Other (1)

Brief description and measures of investment

Two energy efficiency funds.

Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

0.32

- Property
- Hedge funds
- Other (1)

Brief description and measures of investment

Two wind and solar power funds.

- Green buildings
- 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

% of AUM

0.7

- Hedge funds
- Other (1)

Brief description and measures of investment

One Nordic forest fund committed to PEFC certifications and carbon calculations.

- Sustainable agriculture
- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)

% of AUM

1.0

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Hedge funds
- Other (1)

Brief description and measures of investment

Two microcredit funds.

- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)

% of AUM

0.02

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Hedge funds
- Other (1)

Brief description and measures of investment

One domestic SME financing fund.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Listed equity

% of AUM

3.2

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Hedge funds
- Other (1)

Healthcare sector/ sustainability focus in two global funds.

- Water
- Other area, specify
- No