



CLIMATE TRANSPARENCY REPORT 2020

British Columbia Municipal Pension Plan

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 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-25FD47C0-FF2A-4774-A918-C48F06C99BF7/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). 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 2020 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 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	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 14.6 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	British Columbia Municipal Pension Plan
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	North America
Country	Canada
Disclosure of Voluntary Indicators	95% from 38 Voluntary indicators

British Columbia Municipal Pension Plan

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
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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.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Although the timing and extent of the effects of climate change are uncertain, actions to reduce greenhouse gas emissions through investor stewardship, the selection of assets and advocating for appropriate public policies directly and indirectly benefit the plan. While our Board of Trustees delegates the management of investment risks and selection of investments to our investment manager, BCI, our Statement of Investment Policies and Procedures articulates the Board's approach to responsible investing and stewardship generally and climate change specifically. We also engage with BCI on its ESG (including climate considerations) and responsible investing integration across relevant investment analysis and processes.

Rapid changes in policy and regulation to limit greenhouse gas (GHG) emissions is the most prominent risk to the plan's short-term total portfolio's performance. This could lead to additional costs to investments exposed to carbon-intensive energy and supply chains, and impact the business models of several sectors in the broader economy. Opportunities exist as technologies and industries that benefit from low carbon economy alignment increase in scale and value. Over the medium term, BCI expects transition risks and physical risks to materialize. BCI will explore opportunities that are aligned with its investment approach and meet requirements as an investor of its scale. Although physical impacts of climate change are not expected to be widespread over the medium term, certain regions may be affected, and asset valuations will reflect the trajectory of climate change. In the long term, if the world warms past two degrees Celsius, physical impacts of climate change will become more acute, more frequent and more intense. This will disrupt regional and global economies and will negatively impact capital markets. Each climate scenario will pose different implications for companies and sectors. Some will face costs as they adapt and transition to a lower carbon model; while others may seize opportunities to expand and grow their businesses.

BCI currently uses climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact the plan's investment returns. BCI integrates climate analysis at the asset, pool and total plan portfolio levels. Each asset class requires distinct considerations and climate analysis is adapted to provide materially relevant information on climate change risk and opportunities to each asset class and on a deal-by-deal basis.

No

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

Describe the associated timescales linked to these risks and opportunities.

Our investment agent has identified climate-related risks and opportunities over the short, medium and long term.

No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.9 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Our board works with our investment agent BCI to develop investment strategies that address both the risks and investment opportunities presented by climate change. Through our partnership, we are gaining insight into the fund's exposure to climate change risks and opportunities.

BCI has publicly released a climate action plan (CAP) and approach to the TCFD recommendations. <http://bcimc-ar.uberflip.com/i/1024019-bcis-climate-action-plan-and-approach-to-the-tcf-d-recommendations>

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Starting with the 2019 annual report, Municipal Pension Plan is phasing in a three-year plan to implement TCFD recommendations.

We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	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

- 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

Other role, specify (1)

Executive Director, Board Officer

- 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 that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The board is responsible for the administration of the Municipal Pension Plan (plan) and investment of the plan's assets, in accordance with the Joint Trustee Agreement (JTA), the plan rules and applicable legislation. BCI, our investment agent, is responsible for the day-to-day investment of the pension fund.

Our SIPP outlines the board's investment strategy and overall framework for managing plan assets. The board approves the long-term asset mix policy, recognizing diversification of investments as a key principle in managing risk. The board monitors and manages short-term volatility in part through longer-term investment objectives. Risk management is a fiduciary responsibility of the board and of BCI.5 BCI's CIO is ultimately responsible to the board for all investment decisions, including the consideration of climate-related risks and opportunities as part of all investment decisions and strategies.

The board is committed to balancing risks and returns in developing its investment policy in the best financial interests of plan beneficiaries and recognizes that consideration of ESG issues, including climate change, is fundamental to maximizing the Fund's risk-adjusted returns. The board is actively engaged with RI initiatives, understanding the issues, risk and opportunities posed by climate change to support informed decision-making is a board priority.

The board has delegated to the Investment Committee the responsibility for recommending investment policy and monitoring performance.⁶

The board updated its investment beliefs in 2019 which will better support the board in making investment decisions and provide clear guidance to BCI on how to manage the plan's assets. Investment beliefs help define how an asset owner will seek to create investment value, in the context of future uncertainty, risk and opportunity. They also help asset owners make practical decisions about their investment style, asset allocation, investment decisions, performance objectives, and approach to active ownership.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

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

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

Describe

The board's investment agent, BCI analyzed three climate change scenarios and the resulting impact on the long-term expected returns at a total fund level and by asset class. BCI also uses climate change scenarios as an input into asset liability modelling.

- No, our organisation does not currently carry out scenario analysis and/or modelling

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 13.3

Additional information. [OPTIONAL]

Our investment agent BCI works within the framework of applicable legislation as well as the legal contracts negotiated with its clients. BCI is required to act in the best financial interests of its clients at all times.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC

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

- Initial assessment

Describe

The current long-term policy asset mix decision came after the board undertook an asset-liability review in 2017/2018. This review included assessment of potential impact on long-term investment performance under multiple climate scenarios using a model based on Mercer's Climate Change Risk Assessment Research Package. This climate change work was developed based on collaboration with the board.

In addition to a three-degree global warming scenario, where impacts were not expected to be material on an aggregate total fund level, BCI evaluated our potential long-term return impacts under both a:

Two-degree global warming scenario, where the transition to a lower carbon economy occurs faster than expected and creates elevated levels of transition risk for certain assets, while resulting in less risk of the physical impacts brought on by climate change. This scenario leads to reduced returns from assets tied to traditional energy and gains in assets that are tied to renewables.

Four-degree global warming scenario, where climate action policies, technological advancements, and sentiment are largely insufficient, resulting in less transition risk but experiencing significant increases in physical impacts on certain assets. Under this scenario, emissions grow another 33% over 2010 levels, peaking after 2040. Fossil fuels represent 85% of the energy mix by 2050.

Using our long-term policy asset mix targets and the projected expected returns for each asset class, BCI found that both the two- and four-degree climate scenarios would create an expected reduced return for our portfolio over the 15-year forecast horizon, relative to the base case scenario.

Beneath the total fund aggregate impacts, asset class performance is expected to vary significantly depending on which scenario unfolds. In the four-degree scenario, real assets are more likely to suffer from the rising risk of physical impacts. In contrast, in a two-degree scenario, the performance of developed market public equities is expected to be impacted as companies exposed to traditional energy assets, such as oil, would likely experience valuation adjustment.

- Incorporation into investment analysis

Describe

Our investment agent BCI is currently using climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact their clients' investment returns. The scenarios provide a directional indication of areas in the portfolios that require more detailed assessment.

Each asset class currently identifies material climate change risks on a deal-by-deal basis. BCI is developing processes to assess climate change materiality and performance in a consistent way across the firm.

- Inform active ownership

Describe

Climate change has been a top engagement priority for our investment agent BCI for over ten years. BCI engages with company management, regulators, and standard-setting bodies via four main activities:

1. Proxy Voting, in which BCI has supported about 50 per cent of all 2019 climate-related shareholder proposals, out of which BCI supported 71% of proposals specific to GHG emissions disclosure and/or reduction targets. BCI also has a policy to vote against appropriate board directors at companies that fail to disclose adequate climate-related data.

2. Direct Engagement, in which BCI focuses on achieving better climate change disclosure and risk management practices from invested companies.

3. Collaborative Engagement, in which BCI works with their peers globally asking companies to take action to reduce greenhouse gas emissions. Examples are their involvement with the PRI Methane Engagement Working Group and the Climate Action 100+ (CA100+) investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Main CA100+ engagement objectives are to curb emissions, improve governance of climate risk management and strengthen climate-related financial disclosures.

4. Policy Advocacy, in which BCI advocates for policy changes that will improve the investing environment for long-term investors, including at least 20 climate-related submissions with provincial, federal, and

international policymakers, regulators and standard-setters between 2007-2020.

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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

Climate change scenarios were evaluated beyond the investment time horizon out to the modelling horizon of 2050. Longer term impacts related to climate change risk are a focus of additional physical climate change risk assessments that are currently underway.

No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your 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: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Mercer Climate Change Scenario Tool
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
- 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 CC**Voluntary****Public****General****SG 14.6
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Portfolio monitoring	Portfolio Carbon Footprint	Financed emissions

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

Our investment agent BCI is currently using climate change scenario analysis to identify macro-economic climate-related risks and opportunities that could impact clients' investment returns. The scenarios provide a directional indication of areas in the portfolios that require more detailed assessment.

Each asset class currently identifies material climate change risks. BCI is developing processes to assess climate change materiality and performance in a consistent way across the firm.

Additionally, BCI is developing processes to effectively measure and determine material climate change risks and opportunities across the total portfolio. These tools will build on insights generated by carbon footprint metrics by introducing further fundamental research and analysis; as well as developing evaluations of the resiliency of specific assets to climate-related risks in the long term. The tools are intended to help us understand specific investments in our portfolio that may be at risk or will benefit in the context of climate change.

- Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Through direct engagement in 2019, BCI references the TCFD recommendations which puts focus on achieving better climate change disclosure from invested companies.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

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.

%

10.4

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.

Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

1

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

Brief description and measures of investment

BCI's Thematic Public Equity Fund launched in 2013, includes investments in companies involved in alternative energy and providing energy efficiency solutions.

- 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

Percentage of AUM (+/-5%) per asset class invested in the area

59

15

- Infrastructure
- Forestry
- Farmland

Brief description and measures of investment

Approximately 90 per cent of our Canadian real estate portfolio is BOMA BEST and / or LEED certified (65 per cent including international investments).

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

1

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

Brief description and measures of investment

BCI's Thematic Public Equity Fund, includes investment in health care facilities and services.

- Water

Asset class invested

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

Percentage of AUM (+/-5%) per asset class invested in the area

8.4

- Forestry
- Farmland

Brief description and measures of investment

Investments in regulated water and wastewater utilities that operate in the U.S., U.K., and Canada.

Other area, specify

No