



CLIMATE TRANSPARENCY REPORT

2019

Strathclyde 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/-E99017DC-9872-4442-952D-74E8EB6ACE2E/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 | Strathclyde Pension Fund |
| Signatory Category | Non-corporate pension or superannuation or retirement or provident fund or plan |
| Signatory Type | Asset Owner |
| Size | US\$ 10 - 29.99 billion AUM |
| Main Asset Class | Multi-Asset |
| Signed PRI Initiative | 2008 |
| Region | Europe |
| Country | United Kingdom |
| Disclosure of Voluntary Indicators | 100% from 38 Voluntary indicators |

Strathclyde 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 type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2) | <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.

As an LGPS the Fund is required to publish a Statement of Investment Principles (SIP). The Strathclyde statement contains 6 principles, one of which is Stewardship. "Stewardship - the Fund is a responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues."

Section 10 of the SIP refers to Responsible Investment

The Fund is a signatory to the United Nations Principles for Responsible Investment and has adopted the principles as its responsible investment policy. The principles are set out in full in Schedule 4 together with a summary of the Fund's strategy for applying them in practice.

Schedule 4 also discusses the Fund's Responsible Investment (RI) Strategy and details how Responsible Investment activity is carried out. It also covers RI reporting.

<https://www.spfo.org.uk/index.aspx?articleid=14498>

The Fund reviewed its RI policy and strategy in 2016 and concluded that environmental factors, specifically climate change required a specific approach. The Fund concluded a Review of Responsible Investment Strategy and agreed that it include a policy on engagement and voting. The following report conclusions refer to the approach to be taken.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNT1Z3T10GUT>

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

LAPFF has a definition of ESG and/or responsible investment and its relation to investments

- Active ownership approaches
- Reporting
- Climate -related issues (triggers climate-related disclosure indicator see Appendix B)
- Other environmental considerations (eg, water)
- Human capital management
- Human rights
- Executive remuneration

LAPFF's ESG policy guide is available on the LAPFF website at: http://www.lapfforum.org/wp-content/uploads/2018/11/2018_LAPFF_Policies_Full_Version_FINAL.pdf

The policy is implemented through LAPFF engagement with investee companies and stakeholders, including policy makers and affected parties (ie, workers and community members).

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 |
|----------|-----------|--------|-------------|---------|
|----------|-----------|--------|-------------|---------|

| | |
|-----------------------|---|
| 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. |
|-----------------------|---|

We are aware that climate change will impact all asset classes over the lifetime of the fund. As a result, many assets will be re-priced but the timing of this is uncertain and the impact will vary by asset class due to geography, liquidity and the underlying life of our assets. We also recognise that there is uncertainty over the direction and speed of policy changes in this area.

The Fund's Direct Investment or Impact Portfolio exercises a preference for new investments with positive ESG criteria (always alongside sound financial criteria). The largest part of this portfolio is renewable energy which speaks to the Fund's view on climate change. The DIP portfolio is able to allocate capital to sectors directly benefitting from the transition to a green economy. This portfolio now represents £1bn of committed capital.

A recent example of this is an investment in Temporis Renewable Energy Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=84915>

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

Yes

No

| | |
|-----------------------|---|
| SG 01.9 CC | Indicate whether the organisation publicly supports the TCFD? |
|-----------------------|---|

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. |
|------------------------|---|

Yes

Describe

One such means of doing so is through LAPFF.

No

| | |
|-----------------------|---|
| SG 1.12 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 |
|--|---------|

-LAPFF climate policy - Climate Change Investment Policy Framework -LAPFF's engagement goals for oil and gas companies -LAPFF Position on Climate Risk in Investments
FAQ on Climate Engagement

| | | | | |
|--------------|------------------|---------------|----------------------|--------------|
| SG 02 | Mandatory | Public | Core Assessed | PRI 6 |
|--------------|------------------|---------------|----------------------|--------------|

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. |
|----------------|--|

- Policy setting out your overall approach

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

- URL

| | |
|--|-----|
| | URL |
|--|-----|

{hyperlink:http://www.spfo.org.uk/CHttpHandler.ashx?id=12617&p=0}

- Attachment (will be made public)
- Formalised guidelines on environmental factors
- 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:http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GDNT1ZLZL}

Attachment

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

URL/Attachment

URL

URL

{hyperlink:http://www.spfo.org.uk/CHttpHandler.ashx?id=12617&p=0}

Attachment

Time horizon of your investment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GDNT1ZLZL}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GDNT1ZLZL}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDN2UNT DXT1>}

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

The Fund has produced a guide to how it invests responsibly

<https://www.spfo.org.uk/index.aspx?articleid=14486>

LAPFF's full set of ESG Policies is available at:

http://www.lapfforum.org/wp-content/uploads/2018/11/2018_LAPFF_Policies_Full_Version_FINAL.pdf

Governance and human resources

SG 07 CC

Voluntary

Public

Descriptive

General

**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

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.

In meeting its statutory responsibility to manage the Strathclyde Pension Fund (SPF), Glasgow City Council ensures that management of the Fund and its investments is kept separate from the political and administrative business of the Council by delegating responsibility for SPF to the Strathclyde Pension Fund Committee and the Strathclyde Pension Fund Office (SPFO). In carrying out this responsibility members of the Committee are obliged to put aside their personal interests and views and make investments with the intention of achieving the best financial returns for the Fund whilst balancing risk and return considerations. The Committee appoints external investment managers to deliver the investment strategy.

The Strathclyde Pension Fund (SPF) Committee (trustees) are the ultimate decision makers and stewards of the RI policy and commitment to PRI.

The Strathclyde Pension Fund Committee receive a full RI report at each quarterly meeting. The SPF investment manager engages with the Committee (trustees) on the content. The Fund's external investment managers present to the trustees on portfolio performance and activity which includes RI work. The trustees and the Pensions Board (board of stakeholders) receive training directly prior to each respective quarterly meeting. This training is delivered by the external managers with RI content and has also been delivered as dedicated RI training by the overlay provider, GES. Officers provide annual training session for trustees which includes RI.

The Strathclyde Pension Fund Committee have approved significant changes to the Fund's Responsible Investment Strategy over the past 3 years and have also considered important RI policy and strategy questions including the feasibility of divesting from Fossil Fuels.

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=75886>

The Committee have also approved a Climate Change Strategy for the Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=82079>

The Strathclyde Pension Fund Committee approve each proposal for the Fund's Direct Investment Portfolio and in that have a direct influence on the Fund's investment strategy response to climate change.

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.

The Fund investment manager takes the lead role in implementing the Committee decisions and directives on the RI policy. The investment manager can call on the CIO, the Director of Pensions and administrative support in this implementation. The Funds external investment managers play a leading role in the company facing RI efforts and since 2010 they are assisted by Stockholm based Global Engagement Services (GES) who provide a RI overlay service. The Fund's investment manager co-ordinates GES and the external managers engagement efforts.

The Fund's investment manager provides a full RI report to each quarterly meeting of the Strathclyde Pension Fund Committee and Strathclyde Pension Fund Board. The SPF investment manager engages with the Committee (trustees) and Board on the content.

The Fund's investment manager advises the Committee and Board on climate-related issues and provides recommendations on courses of action including participation in initiatives targetted specifically at climate change.

SG 07.8
CC

Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

- 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 |
|-------|-----------|--------|-------------|-------|

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

Describe

LAPFF commissions research to execute scenario analysis which includes factors representing the investment impacts of future environmental trends

- Yes, to assess future climate-related risks and opportunities
 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 14 | Mandatory to Report Voluntary to Disclose | Public | Additional Assessed | PRI 1 |
|-------|---|--------|---------------------|-------|

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 description (1)

Through LAPFF, all of the above are considered, as well as human rights including labour rights, corporate governance including executive pay, board diversity, reliable accounts,

- Other, specify(2)

other description (2)

In its Climate Change Investment Policy Framework, LAPFF sets out a suggested long-term goal for 100% of assets to be compatible with the net zero-emissions

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 | | | 836 | 000 | 000 |
| Currency | GBP | | | | |
| Assets in USD | | 1 | 070 | 909 | 856 |

Specify the framework or taxonomy used.

Most of the investments in the Fund's Direct Investment Portfolio will have some positive impact beyond the financial returns which are its first priority. That impact may be local, economic, environmental or some combination of these or other factors which will give added value to the investment case. To date the Fund has committed over £336m to renewable energy infrastructure investments which include specialist onshore and offshore wind funds, UK solar funds and generalist renewables and community power funds. We estimate that our renewables investments are saving around 87,000 tonnes of carbon a year, and generating enough power for 61,000 homes. The Fund has also invested £500m with a global Infrastructure fund with 30% weight in renewables.

LAPFF teamed up with the Climate action 100+ initiative to push the highest 100 carbon emitting companies to align business strategies with that of the Paris Agreement.

LAPFF engaged with the following fossil fuel, mining and electric utilities companies in the period October 2017 to September 2018: National Grid, Royal Dutch, BP, Southern Company, SSE, Rio Tinto, Anadarko Petroleum Corporation, Anglo American, Chevron Corporation and Nostrum Oil & Gas. Details of these engagements be viewed on the LAPFF website:<http://www.lapfforum.org/wp-content/members-folder2017/member-resources/2018FAQonclimateengagement.pdf>

- 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

LAPFF teamed up with the 50/50 Climate Project to create long-term climate change strategies at the 50 largest carbon footprint public companies.

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

Scenario testing (LAPFF)

- 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.

In 2018 the Fund engaged the leading carbon audit service provider, MSCI, to measure carbon emissions and intensity and provide carbon and emissions footprints of the Fund's listed equity portfolios. The Fund is committed to expanding this footprinting to include other asset classes and conduct on a bi-annual basis

SG 14.5 Additional information [Optional]

The carbon and emissions footprinting were central to the development of a climate change strategy.

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=82079>

| | | | |
|-----------------|------------------|---------------|----------------|
| SG 14 CC | Voluntary | Public | General |
|-----------------|------------------|---------------|----------------|

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 |
|--|--|---|---|--|
| Carbon footprint (scope 1 and 2) | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the main sources of carbon and provide a basis for targeted climate change engagement. | tCO ₂ e)/£ | Carbon has been assessed based on an average annual price of £25 |
| Portfolio carbon footprint | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the main sources of carbon | tCO ₂ e)/£ | Carbon has been assessed based on an average annual price of £25 |
| Total carbon emissions | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the main sources of carbon | tCO ₂ e)/£ | Carbon has been assessed based on an average annual price of £25 |
| Carbon intensity | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the main sources of carbon | tCO ₂ e)/£ | Carbon has been assessed based on an average annual price of £25 |
| Exposure to carbon-related assets | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the main sources of carbon | tCO ₂ e)/£ | Carbon has been assessed based on an average annual price of £25 |
| Other emissions metrics | <input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets | understand the emissions profile of the Fund | Environmental costs are set by MSCI's analysts and are derived from environmental economics literature. | based on environmental costs in proportion to equity owned |

**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

SPF has a global investment strategy widely diversified by geography, asset class, sector and manager. Investments are mostly externally managed.

Given the diversified nature of the Fund's strategy it will be exposed to all of the risks identified in the TCFD analysis, though the degree and timing of the impact cannot be accurately gauged.

SPF is primarily an equity investor, so the Fund's primary concern is that its investment managers and the management of the companies in which they invest have fully assessed climate-related risks and the potential impact on asset valuations, in particular from:

- obsolescence, impairment or stranding of assets;
- changing consumer demand patterns; and
- changing cost structures including increased emissions pricing, insurance and investment in new technologies.

We also recognise that there is uncertainty over the direction and speed of policy changes in this area. As a public sector fund, Reputational Risk is also a particular concern, though not for financial reasons.

The Strathclyde Pension Fund Committee considers a detailed report every quarter on the Fund's responsible investment activity including Climate Change activity. In addition, since 2015, the SPF Committee has considered 4 separate reports specifically addressing Climate Change risks.

SPF has taken the following actions in response to Climate Change risks.

- Development of Specific Investment Strategies - In December 2009, the Strathclyde Pension Fund Committee agreed an initial structure for a New Opportunities Portfolio (now the Direct Investment Portfolio (DIP)) with a broad remit to invest in assets for which there is an attractive investment case but to which the current structure did not provide access. Key characteristics of DIP investments are that they are illiquid, opportunistic, sterling and UK-based, and with some added value through local, economic or ESG (Environmental, Social, Governance) impact. The capacity of DIP has been gradually increased and now stands at up to 5% of total Fund Net Asset Value (currently £1 billion based on a total NAV of £20 billion). Within DIP the 2 principal investment sectors have been Infrastructure and Renewable Energy. These span a broad range of renewable energy activity including solar power, onshore and offshore wind power, anaerobic digestion, and community energy schemes.
- SPF also carried out a review of non-exclusion, passive, low carbon investment solutions during 2016. This concluded that the Fund should not adopt a low carbon passive investment approach at this time. Developments and solutions in this area should continue to be monitored.
- A key element in the development of SPF's climate change strategy has been the measurement of carbon emissions and intensity. This was carried out in order to more fully understand the carbon risk sources and dynamics.
- The Fund has expended considerable effort in supporting collaborative engagement initiatives that have a specific climate change remit.

The Fund ensures its investment managers incorporate consideration of climate related risks into their investment processes.

The Real Estate portfolio, via its manager, is required to do this on legal basis via UK & EU regulation.

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 Fund is member of IIGCC - IIGCC activity includes supporting uptake of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainable Development Goals. IIGCC have also produced 'Navigating climate scenario analysis - a guide for institutional investors'.

A combined 390 investor representing more than USD \$22 trillion in assets signed a letter calling upon G20 leaders to support the TCFD recommendations. The letter of support was co-ordinated by the Asia Investor Group on Climate Change, CDP, Ceres, Investor Group on Climate Change (IGCC), **Institutional Investors Group on Climate Change (IIGCC)** and the United Nations-supported Principles for

Responsible Investment (PRI).

The Fund is member of Climate Action 100+.

The initiative aims to secure commitments from the boards and senior management to:

Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk and opportunities.

Take action to reduce greenhouse gas emissions across their value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2-degrees Celsius above pre-industrial levels.

Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, when applicable, sector-specific Global Investor Coalition on Climate Change Investor Expectations on Climate Change to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below 2-degrees Celsius, and improve investment decision-making.

No, we do not engage

| | | | | |
|-------|---|--------|-------------|-------|
| SG 15 | Mandatory to Report Voluntary to Disclose | Public | Descriptive | PRI 1 |
|-------|---|--------|-------------|-------|

| | |
|---------|---|
| 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. |
|---------|--|

| | |
|--|---|
| | % |
|--|---|

7.5

| | |
|---------|--|
| 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
- 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

3.5

- Property
- Infrastructure

% of AUM

2.5

- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

The Fund has invested in all the main renewable energy technologies.

Terra Firma Infrastructure Fund for Global Renewable Energy

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUTZ LZ30GNT>

Iona Environmental Infrastructure LP

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUTT 1ZLOG81>

Resonance British Wind Energy Limited

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUTT 1ZLOGZ3>

Aviva Investors PiP Solar PV Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUT8 1DX2UZ3>

The Fund has also invested 2.5% of total Fund (£500m) in JP Morgan IIF Global Infrastructure Fund which is approximately 30% invested in 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

% of AUM

1

20

- Infrastructure
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

The Fund's UK property (10% of total fund) is managed by DTZ Investors. Increasing scrutiny of the environmental performance of buildings from occupiers and investors alike, DTZ believe that the sustainable credentials of buildings will make an increasing difference to the long-term obsolescence and investment performance of property. Consequently, their Responsible Property Investment (RPI) strategy focuses on understanding the impact of these issues on future value and minimising the risk to portfolios. Integrating environmental, social and corporate governance (ESG) considerations into the investment process from pre-acquisition to disposal is critical to their approach to Responsible Property Investment.

DTZ specific policies will, as a minimum, be compliant with UK statutory requirements and EU directives, including: the Carbon Reduction Commitment Energy Efficiency Scheme (CRC), the European Savings Opportunity Scheme (ESOS), the Minimum Energy Efficiency Standards (MEES) and the Heat Network Metering and Billing Regulations 2014. Beyond this DTZ aim to lead in the establishment of best practices in the real estate industry.

To maintain coordination and leadership, DTZ have established a committee of experts who are representative of their fund management, energy & sustainability and property management teams.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

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

% of AUM

0.4

- Property
- Infrastructure
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

Panoramic Growth Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQDNT1DN2U81DN>

Local SME financing-Scottish Loan Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Df%91mz%8B>

Social enterprise / community investing

Asset class invested

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

% of AUM

0.1

- Property
- Infrastructure
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

Social Infrastructure-Alpha Real Capital Social Infrastructure Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUTZLZ30G0G>

- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No