



CLIMATE TRANSPARENCY REPORT 2020

Vancity Investment Management

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/-2D48BEFD-E7F6-43F5-9990-D6E091CD2D34/79894dbc337a40828d895f9402aa63de/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	✓	Private				
SG 13.5 CC	✓	Private				
SG 13.6 CC	✓	Private				
SG 13.7 CC	✓	Private				
SG 13.8 CC	✓	Private				
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	Vancity Investment Management
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2009
Region	North America
Country	Canada
Disclosure of Voluntary Indicators	24% from 38 Voluntary indicators

Vancity Investment Management

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.

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.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Climate risks form a key element in the ESG strategies employed by VCIM. We recognize that climate change poses specific risks to investments and we are particularly focused on the transition away from fossil fuels and the ensuing reduction in demand. At VCIM, we believe we are at a crucial point in the transition to a low carbon future and it is an appropriate time to fully divest companies whose primary business is the extraction, production and distribution of fossil fuels. We no longer invest in oil and gas producers, pipeline companies, natural gas distribution utilities or LNG operations. We also avoid investing in service companies whose primary business is supporting the fossil fuel industry.

No

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

Yes

No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

We are currently in process of developing assessment capacity that will allow VCIM to assess future climate change impacts with greater confidence.

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

Vancity's risk management framework enables the Board to define and approve an appropriate risk appetite, which outlines how much risk Vancity is willing to take in order to successfully achieve its strategic plan. We knowingly and willingly take on risk because we see the upside, and use effective risk management techniques to provide an appropriate safety net.

To manage risk appropriately, Vancity monitors risk across 12 broad and interrelated risk dimensions. In 2017, we added climate risk to our risk oversight because we have come to realize there are both short and long term impacts to our members and operations that we need to pay attention to, and influence as much as possible. For example, rising sea levels that could lead to the flooding of low-lying areas (where many members live and work) and how climate change could impact the frequency and intensity of earthquakes are things that could have detrimental impacts on our community. As we determine how much of a financial risk climate change poses to our business, we intend to disclose more on how we are managing it as recommended by the Task Force on Climate-related Financial Disclosures.

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
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

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

Other Chief-level staff or heads of departments

- 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

Investment analysts

- 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

Investor relations

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

Vancity's risk management framework enables the Board to define and approve an appropriate risk appetite, which outlines how much risk Vancity is willing to take in order to successfully achieve its strategic plan. We knowingly and willingly take on risk because we see the upside, and use effective risk management techniques to provide an appropriate safety net. To manage risk appropriately, Vancity monitors risk across 12 broad and interrelated risk dimensions. In 2017, we added climate risk to our risk oversight because we have come to realize there are both short and long term impacts to our members and operations that we need to pay attention to, and influence as much as possible. For example, rising sea levels that could lead to the flooding of low-lying areas (where many members live and work) and how climate change could impact the frequency and intensity of earthquakes are things that could have detrimental impacts on our community. As we determine how much of a financial risk climate change poses to our business, we intend to disclose more on how we are managing it as recommended by the Task Force on Climate-related Financial Disclosures

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

We undertake scenario analysis to determine the impact of divesting of fossil fuels across our funds.

- 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]

In designing our fixed income fund we decided to eliminate fossil fuel producers, distributors and utilities from the investable universe with a resultant sector weight of zero. We also made a decision to increase certified green bond and social bond investments to increase our exposure to ESG opportunities in infrastructure.

This year our Canadian fund went fossil fuel free and eliminated fossil fuel producers, distributors and utilities from the investable universe with a resultant sector weight of zero.

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		1	892	523	383
Currency	CAD				
Assets in USD		1	423	263	624

Specify the framework or taxonomy used.

We have fully divested of companies whose primary business is the extraction, production and distribution of fossil fuels. This means we will no longer invest in oil and gas producers, pipeline companies, natural gas distribution utilities or LNG operations. We will also avoid investing in service companies whose primary business is supporting the fossil fuel industry. We also allocate investments to green bonds, renewable energy and clean clean technology companies to capture opportunities. We believe this strategy, which is applied to all funds, results in a more climate resilient portfolio.

- 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
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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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	Investment decisions	Tonnes per \$million market cap	Comparison between fund and benchmark.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Investment decisions	Tonnes per \$million revenue	Identifies companies with high business risk from carbon regulation.

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

Please describe

Our overall risk framework is based on optimizing sector and company specific risk exposure. Climate risk analysis utilizing foot print tools helps us identify and manage climate exposure within the broad risk management process for fund portfolios. When companies exceed our risk tolerance we divest and seek out new opportunities with a better risk reward profile.

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

We have engaged with Canadian banks on climate risk over the past decade. We meet regularly with these invested banks and have encouraged each to participate in the TCFD. We have also encouraged resource based companies and others to apply the TCFD recommendations to their risk disclosure. In addition we have participated in collective engagement with industry associations on the TCFD implementation.

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.

%

18.16

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

2.0

- Fixed income - SSA

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

5

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Cash

Brief description and measures of investment

2% of listed equity AUM invested in companies innovating clean technology offerings.
15.8% of our bond AUM is invested in green, social, and sustainable bonds. The figures have been broken down between the energy efficiency and renewable energy columns for reference.

- Renewable energy

Asset class invested

- Listed equity

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

9.73

- Fixed income - SSA

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

10.8

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Cash

Brief description and measures of investment

9.73% of listed equity AUM invested in companies involved in producing and distributing renewable wind and solar energy.
15.8% of our bond AUM is invested in green, social, and sustainable bonds. The figures have been broken down between the energy efficiency and renewable energy columns for reference.

- Green buildings
- Sustainable forestry

Asset class invested

- Listed equity

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

0.24

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Cash

Brief description and measures of investment

0.24% invested in a company with highly sustainable forestry products.

- 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

1.92

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Cash

Brief description and measures of investment

1.92% invested in companies advancing global health via virtual health access, equitable access to medicine, and animal health welfare.

- Water

Asset class invested

- Listed equity

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

1.37

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Cash

Brief description and measures of investment

1.37% invested in companies advancing sustainable water technologies and access.

Other area, specify

No