



CLIMATE TRANSPARENCY REPORT 2020

Greater Manchester 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 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/-7FD7A4EF-956B-4895-92F0-80E86CA886DF/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 | ✓ | Private | | | | |
| SG 14.7 CC | - | Private | | | | |
| SG 14.8 CC | ✓ | Private | | | | |
| SG 14.9 CC | ✓ | Private | | | | |
| 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 | Greater Manchester Pension Fund |
| 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 | >50% Listed Equity Externally Managed |
| Signed PRI Initiative | 2014 |
| Region | Europe |
| Country | United Kingdom |
| Disclosure of Voluntary Indicators | 92% from 38 Voluntary indicators |

Greater Manchester 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. |
|---------|---|

| | | | | |
|----------|---|--------|-------------|---------|
| SG 01 CC | Mandatory to Report Voluntary to Disclose | Public | Descriptive | General |
|----------|---|--------|-------------|---------|

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

GMPF considers climate change risk as financially material to long-term performance of investments and shareholder value. We integrate climate change considerations in the overall investment strategy, with the aim of minimising adverse financial impacts and maximising opportunities for long-term economic returns.

GMPF is signatory/member to a number of organisations such as Climate Action 100+, Climate Disclosure Project and Transition Pathway Initiative that help the Fund monitor and assess its holdings. We carry out an annual measure of our carbon footprint which provides us with backward-looking metrics and forward looking scenario analysis. We use these tools to identify areas of risk, for example it would help us identify if we were over-exposed to the coal sector which may lead to an issue of stranded assets. This also helps when we engage with companies to question and understand what they are doing to reduce their impact on the environment and help maintain shareholder value.

In assessing the impact of climate change GMPF has identified opportunities such as GLIL and the Local Investments portfolio.

One of GLIL's earliest transactions was the purchase from SSE of a 21.7% stake in Clyde wind farm for £150 million. At the time of investment, Clyde had 152 operational turbines capable of generating 350MW and a further 54, more powerful turbines, under construction. The new turbines became fully commissioned in September 2017 and at this point GLIL invested an additional £30 million with a further £88 million invested in the summer of 2018. Clyde now has a total generation capacity of 522MW, making it one of the largest on-shore windfarms in Europe. GMPF remains the largest participant in the venture.

GLIL's remit includes investment in new build (so-called "greenfield") infrastructure projects and alongside our partnership with Iona to construct £130 million of bioenergy plants around the UK, we have also financed two joint ventures for the build and commissioning of more than a thousand new rail vehicles across two rail franchises in the south of England. The most recent transaction will see 750 vehicles being built at Bombardier's factory in Derby, supporting valuable UK engineering jobs and providing a large fleet of modern, spacious and efficient trains to enhance journey times and passenger experience on the South Western franchise.

GMPF is the largest participant of the Invest 4 Growth initiative. The objective of this portfolio is to make investments that provide a commercial return and a beneficial economic, social or environmental impact. GMPF approved an allocation of £50 million to the initiative.

GMPF has also approved an allocation of up to 2% into an Impact Portfolio with the same twin aims as the Invest 4 Growth initiative. As at 31 March 2019, total commitments of £357 million have been made into a number of investments. Areas of investment include: - the provision of supported living accommodation, renewable energy, loans to small and medium sized businesses and private equity with a focus on impact investing.

No

**SG 01.7
CC**

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

Yes

Describe the associated timescales linked to these risks and opportunities.

By its nature GMPF is a long-term investor and must therefore take a long-term perspective. As part of the annual carbon footprint we use scenario analysis to assess the impact of climate change on our portfolio.

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

GMPF considers climate change risk as financially material to long-term performance of investments and shareholder value. We integrate climate change considerations in the overall investment strategy, with the aim of minimising adverse financial impacts and maximising opportunities for long-term economic returns.

GMPF's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement. This decarbonisation will be regularly evaluated in line with our objective of maintaining long-term financial performance.

In implementing our approach, GMPF:

- takes financially material climate change consideration into account as an integral part of its investment strategy and asset allocation;
- reviews a variety of research and analytical materials to encourage the use of scenario analysis to provide estimations or relative performances of asset classes and sectors under different scenarios which will be used where possible in asset allocation decisions;
- monitors and provides feedback to external investment managers in relation to incorporation of climate risk in the investment process;
- engages with companies on the resilience of their business strategies for a low-carbon economy;
- liaises with company boards in improving the governance, management and disclosure on climate risk;
- takes company approaches to climate risk and responsiveness to engagement into account in proxy voting;
- supports the filing of relevant climate related shareholder resolutions;
- interacts with policy makers and regulators on investment implications of climate change;
- collaborates with other investors and participates in investor initiatives to leverage outcomes of company and policy engagement;

- will report on policy objectives and activities regularly;
- have also included the Task Force on Climate-Related Financial Disclosures reporting in our annual report;
- supports the objectives of a Just Transition to a low-carbon economy, and will actively engage with the social aspects of responding to climate change. We consider this fits well with our objective of seeking to ensure a regional dimension to our RI activities.

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

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

The Management Panel meet quarterly and ESG Working Group also meets quarterly. In anticipation of these meetings Officers of GMPF produce reports relating to ESG matters such as activity undertaken in regards to ESG matters to give the Management Panel the tools they require to ensure the Fund is implementing its responsibilities. The Management Panel attend training throughout the year which helps them understand the issues and keeps their knowledge up to date

SG 07.7
CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The Council has delegated all its functions as administering authority of GMPF to the Pension Fund Management Panel which routinely meets on a quarterly basis. The Management Panel has in turn appointed a Pension Fund Advisory Panel and external professional Advisors, and has dedicated internal Officers of GMPF to advise it on the exercise of its delegated powers. There are also a number of Working Groups which report quarterly to the Panel on specialist matters.

One such Working Group is the Investment Management, Environmental, Social & Governance Working Group which also convenes quarterly. GMPF's appointed investment managers present at this Working Group on ESG matters. The internal officers of GMPF attend/participate in seminars and roundtable events to gain a better understanding issues such as climate change. Ideas and thoughts discussed at these events and wider learning are discussed within the Investments team at GMPF which feed into the agenda for the Working Group meeting.

SG 07.8
CC

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

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

Describe

LAPFF commissions research to aid members execute scenario analysis. GMPF also uses scenario to analyse its corporate bond and equity holdings annually.

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

Describe

LAPFF commissions research to aid members execute scenario analysis. GMPF also uses scenario to analyse its corporate bond and equity holdings annually.

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 CC | Mandatory to Report Voluntary to Disclose | Public | Descriptive | General |
|-----------------|--|---------------|--------------------|----------------|

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

GMPF uses the scenario analysis to monitor how exposed it is in specific sectors. The aim is to then question to the Funds external Investment Managers to ensure they are aware of any over-exposures.

- Incorporation into investment analysis
- Inform active ownership

Describe

Where GMPF has a holding and is eligible to co-file resolutions relating to climate change the Fund has done so. Examples of include BP, Walt Disney and Chevron

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

The Fund has considered the impact of climate change and has taken to opportunity to be the largest participant of the GLIL infrastructure venture. One of GLIL's earliest transactions was the purchase from SSE of a 21.7% stake in Clyde wind farm for £150 million. At the time of investment, Clyde had 152 operational turbines capable of generating 350MW and a further 54, more powerful turbines, under construction. Clyde now has a total generation capacity of 522MW, making it one of the largest on-shore windfarms in Europe.

GLIL's remit includes investment in new build (so-called "greenfield") infrastructure projects and alongside our partnership with Iona to construct £130 million of bioenergy plants around the UK, we have also financed two joint ventures for the build and commissioning of more than a thousand new rail vehicles across two rail franchises in the south of England.

Infrastructure projects by nature are long term projects which fit in to the Funds long term perspective.

- 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 checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS) | |
| IEA | <input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario | |
| IEA | <input checked="" 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> 2 Degrees Investing Initiative |
| 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 |
|-------|---|--------|---------------------|-------|

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 | | 2 | 500 | 000 | 000 |
| Currency | USD | | | | |
| Assets in USD | | 2 | 500 | 000 | 000 |

Specify the framework or taxonomy used.

GMPF worked with Scientific Beta, and commissioned research from them into a bespoke GMPF version of their flagship indices that offers the Fund diversified multi-factor exposure to developed market Global Equity, coupled with a significantly reduced carbon exposure, together with the incorporation of other important risk control design features.

- 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

GMPF has co-filed Climate related resolutions with companies and liased with these organisations regarding their policies towards climate change in collaboration with other investors

- 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 14.5

Additional information [Optional]

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, palm oil and clinical trials transparency, among others.

LAPFF engaged with the following fossil fuel, mining and electric utilities companies in the last year: BHP Billiton, BP, Petrobras, National Grid, Vale and Centrica. Details of these engagements be viewed on the LAPFF website: <http://www.lapfforum.org/publications/qrtly-engagement-reports/>

The fund produced a new RI Policy document in March 2019 (<https://www.gmpf.org.uk/documents/investments/GMPF%20RI%20Policy%202019.pdf>) which provides detail on the wide ranging activities and tools the Fund has at its disposal to carry out its RI activities.

| 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
- No