



# CLIMATE TRANSPARENCY REPORT 2020

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 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/-3FB95483-BAF2-4B6F-B667-E50484679EEEE/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	
<b>Name</b>	Strathclyde Pension Fund
<b>Signatory Category</b>	Non-corporate pension or superannuation or retirement or provident fund or plan
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 30 - 50 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Externally Managed
<b>Signed PRI Initiative</b>	2008
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	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
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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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Responsible investment principles and considerations, including Climate Change and Sustainability are addressed in investment manager and other service provider appointments and included in Investment Management Agreements.

The Fund has reviewed passive equity low carbon investment funds and concluded development of these approaches should be monitored but not adopted as part of the Fund's strategy at this time. The Fund will only invest where positive environmental outcomes are expected to correlate with positive financial performance.

All of the Fund's investment managers are PRI signatories. Most managers within the Direct Investment Portfolio (DIP) are also signatories. The Fund strongly encourages managers to become signatories and to adhere to the principles.

The transition to a low carbon UK economy has presented a range of investment opportunities for the DIP portfolio over the year including UK wind, solar, hydro & biomass renewable energy projects. The Fund also committed £500m to a global Infrastructure fund with a one third allocation to renewable energy assets.

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 £350m 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 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.

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>

The Fund will also develop extended carbon analysis, integrated with actuarial analysis, scenario modelling, and Value at Risk analysis to provide a basis for holistic carbon measurement and management of the Fund - depending on the outcomes of the steps described above, modifications may be required over time to the investment strategy

The Fund has specifically addressed its approach to the management of climate related risks and opportunities.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDXT1T1DXT1>

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.

The Fund's TCFD reporting also discusses climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

SPF has a global investment strategy widely diversified by geography, asset class, sector and manager. 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, therefore 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.

The Fund also recognise that there is uncertainty over the direction and speed of policy changes in this area. With respect to short term policy risk the Fund has closely monitored the status of its property investments including results of the Global Real Estate Sustainability Benchmark (GRESB) annual assessment and assessment of portfolio compliance with Minimum Energy Efficiency Standards (MEES). With respect to medium and longer term risk the Fund ensures responsible investment considerations, including Climate Change, continue to be imbedded throughout the investment and management processes of all the external investment managers and that the managers continue to manage climate related risks and opportunities. As a public sector fund, reputational risk is also a particular concern, though not for financial reasons.

The 2018 report by the House of Commons Environmental Audit Committee found that SPF was one of a dozen funds that had clearly identified climate change as a long-term risk (and opportunity), and was actively managing it, with a strong sense of purpose.

The Fund has specifically addressed its approach to the management of climate related risks and opportunities. The report discusses the likelihood and impact of climate risks.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDXT1T1DXT1>

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

The Fund supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Fund has committed to reporting on its approach to climate risk using the TCFD framework for asset owners and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

The Fund 2019 annual report details the TCFD disclosure.

<http://www.spfo.org.uk/CHttpHandler.ashx?id=46595&p=0>

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

Annual report - <http://www.spfo.org.uk/CHttpHandler.ashx?id=46595&p=0> Quarterly reporting - <http://www.glasgow.gov.uk/CouncillorsandCommittees/submissiondocuments.asp?submissionid=96867> - LAPFF reporting

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

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.

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>

This strategy has recently been reviewed and will be developed over the coming year - as detailed in this report:

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDXT1T1DXT1>

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 management-level roles that assess and manage climate-related issues, provide further information on the structure and processes 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 targeted specifically at climate

change.

<b>SG 07.8 CC</b>	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
<input checked="" type="checkbox"/> Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar) <input checked="" type="checkbox"/> Request incorporation of TCFD into regular client reporting <input checked="" type="checkbox"/> Request that external managers complete PRI climate indicator reporting <input type="checkbox"/> Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide <input type="checkbox"/> Other <input type="checkbox"/> We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation	

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	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.).
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- Yes, in order to assess future ESG factors

	Describe
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LAPFF commissions research to aid members execute scenario analysis.

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

	Describe
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The Fund has used the PACTA tool to scenario model listed equity portfolios climate change risk

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

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- 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

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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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 Fund has used the PACTA tool to scenario model listed equity portfolios climate change risk

Incorporation into investment analysis

Inform active ownership

Describe

The Fund has used the PACTA tool to scenario model listed equity portfolios climate change risk - this will inform engagement work and manager conversation over the coming year.

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 Pension Fund committee has reviewed Strathclyde Pension Fund's approach to the management of climate related risks and opportunities.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDXT1T1DXT1>

The review concluded SPF should develop extended carbon analysis, integrated with actuarial analysis, scenario modelling, and Value at Risk analysis to provide a basis for holistic carbon measurement and management of the Fund; and depending on the outcomes of the steps described above, modifications may be required over time to the investment strategy.

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> the 2° Investing Initiative PACTA
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 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			850	000	000
Currency	GBP				
Assets in USD		1	098	023	684

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 £350m 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 engages collaboratively with the Climate Action 100+ initiative to push the highest global carbon emitting companies to align business strategies with that of the Paris Agreement.

LAPFF engaged with the following fossil fuel, mining, cement and electric utilities companies in the period October 2018 to September 2019: National Grid, Royal Dutch Shell, BP, Southern Company, SSE, ArcelorMittal, Rio Tinto, Anglo American, Exxon and Chevron Corporation. Details of these engagements be viewed on the LAPFF website: <http://www.lapfforum.org/publications/qrly-engagementreports/>

- 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 14.5** 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>  
<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNDXT1T1DXT1>

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**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
<b>Weighted average carbon intensity</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Carbon footprint (scope 1 and 2)</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Portfolio carbon footprint</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Total carbon emissions</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Carbon intensity</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Exposure to carbon-related assets</b>	<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 <sub>2</sub> e)/£	Carbon has been assessed based on an average annual price of £25
<b>Other emissions metrics</b>	<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 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

climate change is treated as a separate risk (and opportunity) in developing SPF's investment strategy and structure - a separate item in the Funds risk register (SPFO61 - page 3)

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GUTNTUTT1>

SPF has a global investment strategy widely diversified by geography, asset class, sector and manager.

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.

The Strathclyde Pension Fund Committee considers a detailed report every quarter on the Fund's responsible investment activity including Climate Change activity 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 - The Direct Investment Portfolio (DIP) has 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.

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

The Fund supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

The Fund has committed to reporting on its approach to climate risk using the TCFD framework for asset

owners and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets. The 2019 annual report provides this disclosure: (pages 108 -112)

<http://www.spfo.org.uk/CHttpHandler.ashx?id=46595&p=0>

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.

Yes, LAPFF supports and is a signatory to TCFD and has been encouraging climate reporting according to this standard among Forum members.

- 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.
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- Yes

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

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

3.5

- Property
- Infrastructure

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

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 1ZL0G81>

Resonance British Wind Energy Limited

<http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQUTT 1ZL0GZ3>

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

Capital Dynamics Clean Energy Infrastructure VIII

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0G0GZ3ZL81>

- 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

1

- 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

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

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

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

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

#### 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

0.1

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

#### Brief description and measures of investment

Places for People Scottish Mid-Market Rental Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0G0GZ3ZLZ3>

- Education

#### 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

0.2

- Infrastructure

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

0.2

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

Brief description and measures of investment

Equitix Fund VI targets assets in the healthcare, education, social housing, transportation, telecommunications, utilities, student and government accommodation, energy from waste, and renewable energy sectors.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GZLZL81DX>

- Global health
- Water

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

0.2

- Infrastructure

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

0.2

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

Brief description and measures of investment

Equitix Fund VI targets assets in the healthcare, education, social housing, transportation, telecommunications, utilities, student and government accommodation, energy from waste, and renewable energy sectors.

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN0GZLZL81DX>

- Other area, specify
- No