



CLIMATE TRANSPARENCY REPORT 2019

Seattle City Employees' Retirement System (SCERS)

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/-8436BA0A-64C3-4A94-9E4C-006083C03F68/00000000-0000-0000-0000-000000000000/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	Seattle City Employees' Retirement System (SCERS)
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	>50% Listed Equity Externally Managed
Signed PRI Initiative	2017
Region	North America
Country	United States
Disclosure of Voluntary Indicators	30% from 38 Voluntary indicators

Seattle City Employees' Retirement System (SCERS)

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 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.

SCERS's investment beliefs are outlined in the Investment Policy. Indirectly related to ESG factors, SCERS's first investment belief is that "SCERS is a long-term investor; having this perspective allows the Board to pursue investments that may experience short-term fluctuations, but are expected to deliver sustainable value in the long run."

SCERS investment strategy is outlined in the Investment Policy. SCERS factors in material environmental, social, and governance factors when making investment decisions and follows best practices that are consistent with its fiduciary duties. SCERS Board has specifically identified climate change as a key area of focus and pursues a positive action strategy that is intended to have a beneficial impact on this systemic problem. This strategy includes engaging with corporations and other entities as shareholders, considering sustainability investments, and integrating climate change risk into the investment process.

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
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**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.

SCERS's proactive strategy includes advocating for increased climate-related disclosure, for setting measurable targets to reach the Paris Agreement goals and for the SEC to require more transparent disclosure of climate-related risks.

SCERS's infrastructure investments favor renewable energy, when possible.

SCERS's real estate investments favor efficiency.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

	Explain the rationale
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SCERS has not issued a public statement as such. But it can be inferred that SCERS supports the TCFD through its affiliation in organizations such as PRI, Ceres and CII and through its direct engagements.

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes
- No

SG 01.11 CC	Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.
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SCERS began with a climate related risks and opportunities strategy in 2015 in public equities, infrastructure and real estate. The plan is to continue to expand this strategy to include all other asset classes in 2019.

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02	Mandatory	Public	Core Assessed	PRI 6
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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.
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- Policy setting out your overall approach

URL/Attachment

URL

URL

{hyperlink:http://www.seattle.gov/Documents/Departments/Retirement/Board/Governance%20docs/InvestmentPolicyOct2017.pdf}

Attachment (will be made public)

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.

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://www.seattle.gov/Documents/Departments/Retirement/Board/Governance%20docs/InvestmentPolicyOct2017.pdf}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://www.seattle.gov/retirement/about-us/investments/environmental-social-and-governance-considerations#esgquarterlyupdates}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://www.seattle.gov/retirement/about-us/investments/environmental-social-and-governance-considerations#esgquarterlyupdates}

Attachment

Reporting

URL/Attachment

URL

URL

{[hyperlink:http://www.seattle.gov/retirement/about-us/investments/environmental-social-and-governance-considerations](http://www.seattle.gov/retirement/about-us/investments/environmental-social-and-governance-considerations)}

Attachment

We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC	Voluntary	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

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.

Staff presents an ESG quarterly update to the Board four times a year. The Board may give directional guidance.

SCERS's investment consultant presents an overview of industry trends and SCERS's activities annually to the Board.

The Board may also elect to hire another consultant (e.g. Mercer) to perform a more in depth analysis of, for example, the ESG investments of infrastructure finalists, or a commingled fund provider's proxy voting practices. These additional analyses may help the Board decide if a manager should be hired, go on Watch status, etc.

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.
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The Chief Investment Officer and other investment professionals are each responsible for considering and/or incorporating ESG considerations into the asset classes for which they are the lead or back up. We monitor managers with ongoing due diligence.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- 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
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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.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3	Additional information. [OPTIONAL]
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SCERS has asked its investment consultant to include climate-related risks in its upcoming 2019 asset allocation review. SCERS has also used the PACTA tool to understand its current ESG exposures.

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.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

Please explain why not

SCERS does not manage any money in-house. Many of its subadvisors have either passive or rules based mandates. SCERS's preference is to join with other asset owners to engage with the emitting companies to encourage them to increase disclosure and reach carbon reduction goals. SCERS also engages with its commingled fund providers to encourage them to vote their proxies consistent with climate friendly initiatives.

SG 14 CC**Voluntary****Public****General****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
- Process for climate-related risks is not integrated into our overall risk management

Please describe

A goal of SCERS in 2019 is to incorporate climate-related risk into the portfolio's overall risk assessment. SCERS has asked it's investment consultant to do this for the first time in 2019. Staff will also be exploring other tools to help in this analysis.

**SG 14.9
CC** Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

Yes

Please describe

Due to its small staff size, SCERS has joined with others in the CA100+ to encourage TCFD adoption in only three companies: The Southern Company, Boeing, ExxonMobil. SCERS has been engaging with The Southern Company for approximately three years and has noted progress. The company produced its first sustainability report in 2018, has linked executive compensation to reduction targets and made improvements on disclosures.

No, we do not engage

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

No